

State of Alaska FY2010 Governor's Operating Budget

Department of Commerce, Community, and Economic Development Performance Measures

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Department of Commerce, Community, and Economic Development

Mission

To promote a healthy economy, strong communities, and protect consumers in Alaska.

Core Services

- Coordination, development and promotion of programs for sustainable economic growth.
- Regulation and enforcement to protect the consumer and to provide a stable business climate.
- Assist in the development of safe, reliable and efficient energy systems throughout Alaska, which are sustainable and environmentally sound, and reduce the cost of energy in rural Alaska.
- Assist communities to achieve maximum local self-government.

End Result	Strategies to Achieve End Result
<p>A: Sustainable economic growth.</p> <p><u>Target #1:</u> One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.</p> <p><u>Status #1:</u> Met objective of assisting development of 4-6 new tourism projects or businesses. The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses.</p> <p><u>Target #2:</u> 2% increase per year in domestic and international visitors between May 1 and September 30 annually.</p> <p><u>Status #2:</u> 30% growth in tourism visitors over five years, with a 5% increase 2006-2007</p> <p><u>Target #3:</u> Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.</p> <p><u>Status #3:</u> Value (ex-vessel) of key commercial species in Alaska's commercial harvest continued upward value trend, increasing 12.5% from 2006-2007, and reaching \$1.6 billion in 2007, providing increased revenue to state and local governments and the private sector.</p> <p><u>Target #4:</u> 19,000 jobs created and maintained in four years.</p> <p><u>Status #4:</u> Met the target of creating and maintaining 19,000 jobs in four years with 20,300 new jobs in the four years of 2004-2007 and a 6.8% growth rate over those four years.</p>	<p>A1: Implement economic development programs and projects.</p> <p><u>Target #1:</u> Sustain U.S. consumer activities at FY08 level to generate positive Alaska seafood household and individual impressions, and maintain brand awareness.</p> <p><u>Status #1:</u> FY08 U.S. household impressions generated with cable TV totaled 225 million, consumer magazine ad circulation totaled 7.4 million, and trade ad circulation totaled 1,176,400.</p> <p><u>Target #2:</u> Provide technical assistance in mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.</p> <p><u>Status #2:</u> Met objective of providing assistance to 4-6 rural community clusters through the Developing Alaska Rural Tourism program.</p> <p><u>Target #3:</u> 500,000 brochures distributed to potential Alaska visitors.</p> <p><u>Status #3:</u> Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 534,816 brochures in FY 2008</p> <p><u>Target #4:</u> Increase number of students who complete AlaskaHost customer service training by 10% each year.</p> <p><u>Status #4:</u> Did not meet goal of increasing number of students receiving AlaskaHost training. Number of students trained between FY07 and FY08 decreased by 40.6%.</p>
End Result	Strategies to Achieve End Result
<p>B: Increase number of Alaska citizens who have access to local government services.</p>	<p>B1: Improve quality of department's available resources to the public</p>

<p>Target #1: 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.</p> <p>Status #1: Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year.</p> <p>Target #2: 100% of municipal governments provide essential public services.</p> <p>Status #2: Did not meet target of 100% of municipal governments providing essential public services. An average of 83% of municipal governments provided essential public services in FY 2006, 2007, and 2008.</p>	<p>Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.</p> <p>Status #1: Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.</p> <p>Target #2: 5% increase per year in successful interventions in communities due to monitoring of key indicators.</p> <p>Status #2: Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.</p>
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Major Activities to Advance Strategies

- Strengthen rural communities by providing technical assistance.
- Diversify Alaska's economic base to benefit all Alaskans.
- Market Alaska's commercial opportunities and geographic advantages to the rest of the nation and the global business community.
- Strengthen Alaska's businesses by providing technical and financial assistance.
- Maintain a fair and consistent regulatory environment.

FY2010 Resources Allocated to Achieve Results

FY2010 Department Budget: \$187,618,100

Personnel:

Full time	525
Part time	2
Total	527

Performance

A: Result - Sustainable economic growth.

Target #1: One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.

Status #1: Met objective of assisting development of 4-6 new tourism projects or businesses. The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses.

New Tourism Projects in Rural Alaska

Fiscal Year	YTD Total
FY 2008	4 +33.33%
FY 2007	3 -57.14%
FY 2006	7 0%
FY 2005	0

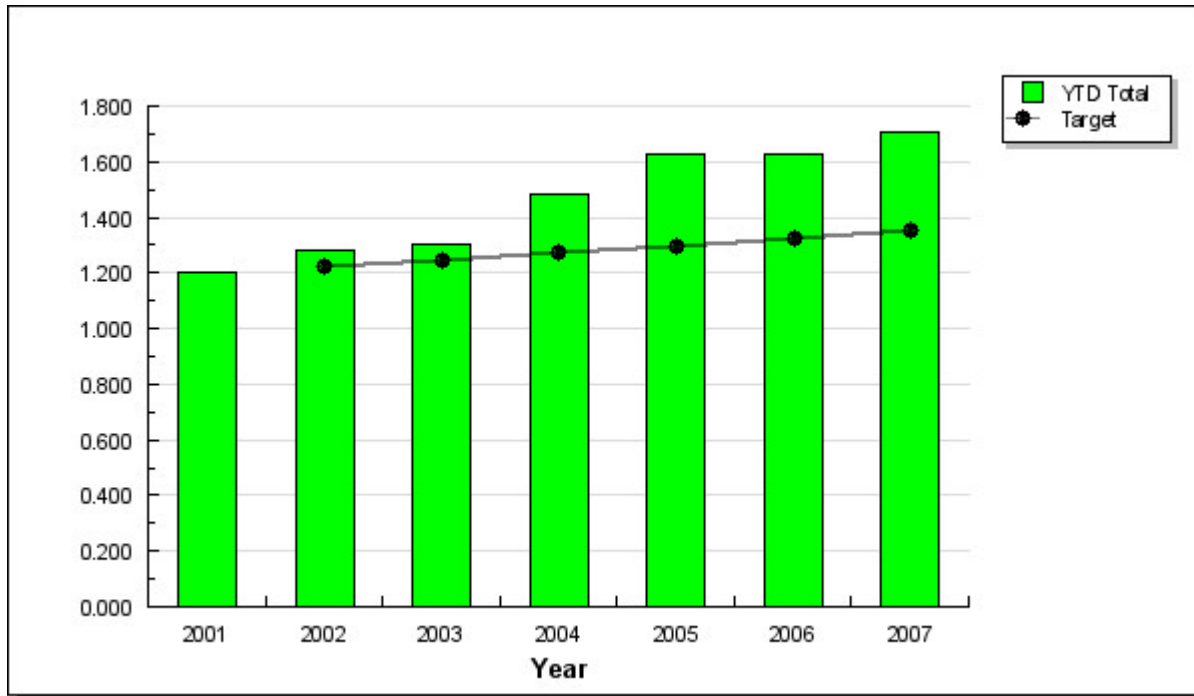
Methodology: Count of new projects in rural Alaska.

Analysis of results and challenges: The Developing Alaska Rural Tourism (DART) program was started in FY2006 with a grant from the U.S. Economic Development Administration (EDA) and funding (personnel) from the Alaska Department of Commerce Community & Economic Development. EDA funding was in place during FY06 and 07, and will be in place for FY09 and 10. In FY08, a USDA grant funded the Tourism Mentorship Assistance Program.

The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses in four rural communities.

Target #2: 2% increase per year in domestic and international visitors between May 1 and September 30 annually.

Status #2: 30% growth in tourism visitors over five years, with a 5% increase 2006-2007



Methodology: The Alaska Visitor Statistics Program measures visitation between May to September of each year. The last baseline study was conducted in 2006. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

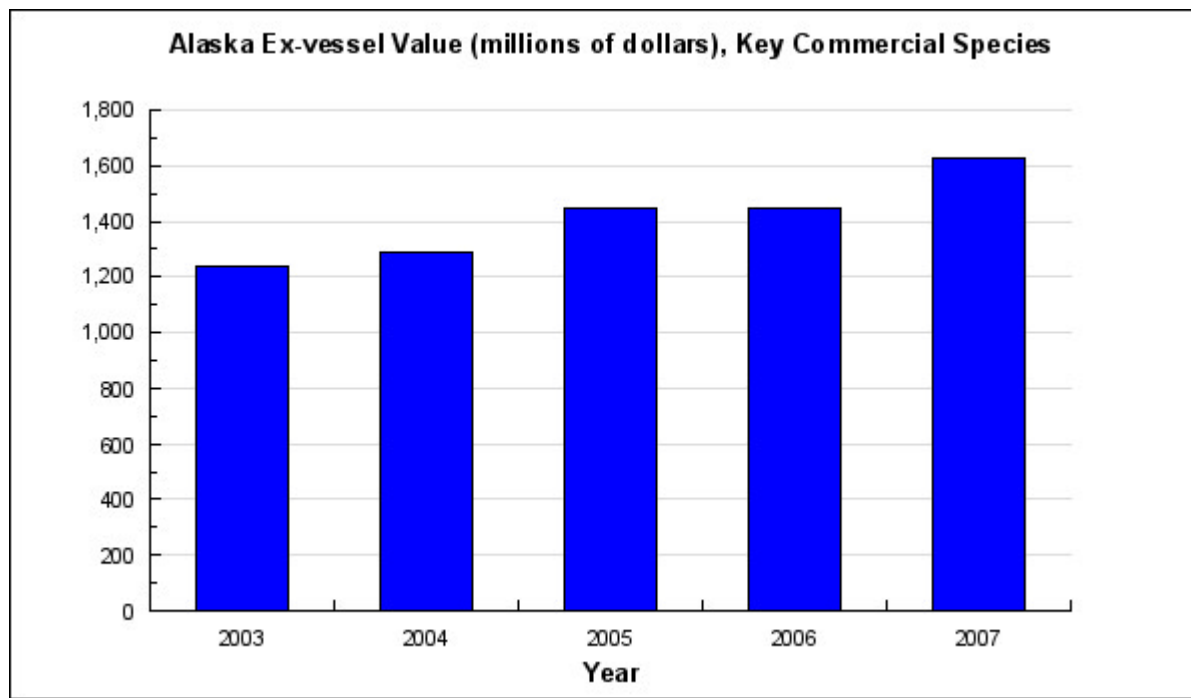
The 2001 study established that 91% of Alaska's visitors come during the Summer (May 1 through September 30). This table shows summer visitors from summers 2001 to 2006.

Year	YTD Total	Target
2007	1.71 +4.91%	1.351 +1.96%
2006	1.63 0%	1.325 +2%
2005	1.63 +10.14%	1.299 +2.04%
2004	1.48 +13.85%	1.273 +2%
2003	1.3 +1.56%	1.248 +1.96%
2002	1.28 +6.67%	1.224
2001	1.2	

Analysis of results and challenges: The 2007 Alaska Visitor Statistics Program (AVSP) estimates that 1.7 million out-of-state visitors came to Alaska between May and September, 2007 (5% increase in visitor volume from summer 2006). Of these, 1,029,800 were cruise ship passengers; 602,100 entered and exited the state by air; and 82,200 entered or exited the state by highway or ferry.

Target #3: Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.

Status #3: Value (ex-vessel) of key commercial species in Alaska's commercial harvest continued upward value trend, increasing 12.5% from 2006-2007, and reaching \$1.6 billion in 2007, providing increased revenue to state and local governments and the private sector.



Methodology: ADF&G, NMFS, SMIS estimates of combined value of salmon, pollock, P-cod, sablefish & halibut, shellfish, other groundfish.

Alaska Ex-vessel Value (millions of dollars), Key Commercial Species

Year	Millions of Dollars
2007	1,627 +12.52%
2006	1,446 +0.07%
2005	1,445 +12.28%
2004	1,287 +3.87%
2003	1,239

Analysis of results and challenges: ASMI focuses on raising economic value rather than increasing sales volume because Alaska's fisheries are limited in their ability to increase production levels beyond what nature will allow (no finfish farming is allowed in Alaska). Because Alaska only produces about 2% of the world's seafood it cannot compete on commodity pricing, especially with a fishery that relies on labor intensive efforts to catch fish, which is a conscious decision on the part of Alaskans to provide a solid job base. Raising the economic value means increasing the price in the marketplace which, if successful, translates into higher dock prices (ex-vessel) paid to fishermen, and additional jobs in fishing, processing, and related support industries in the state.

Ex-vessel value of key commercial species in Alaska's commercial harvest is increasing due in part to significant state and federal investment in marketing and infrastructure. Value (ex-vessel) of key commercial Alaska seafood species increased 12.5% between 2006 and 2007, exceeding the target of 0.5%. The ex-vessel value increased to \$1.6 billion in 2007--up from \$1.4 billion in 2006.

The harvest was 2.49 million metric tons, however despite the 2% decline in volume, value still increased. The first wholesale value of Alaska's seafood harvest reached \$3.6 billion, of which Alaska harvesters got 38%. This reflects

continuation of an upward trend of value in which increases in value outpace volume increases. Continuing support for the marketing effort is essential to continue the upward value trend..

Challenges include:

- Price resistance --- Following periods of increase in value for particular species, Alaska producers are encountering price resistance in certain markets
- Seasonality, consistency of supply
- Inelastic supply
- International currency fluctuations, tariffs and trade barriers affecting international trade
- Low prices on competing proteins (chicken, beef, pork, dairy) with generally well-funded campaigns promoting other proteins

The decrease in federal funds available to support infrastructure and marketing challenge ASMI's ability to increase overall harvest value. If those funds are not replaced, ASMI's ability to continue its marketing activities will be reduced, especially in the domestic market where nearly 50% of Alaska seafood is sold. The result could be a reversal of the increased overall price trends, which for salmon alone have nearly doubled, from \$212 million in 2003 to \$417 million in 2007.

Target #4: 19,000 jobs created and maintained in four years.

Status #4: Met the target of creating and maintaining 19,000 jobs in four years with 20,300 new jobs in the four years of 2004-2007 and a 6.8% growth rate over those four years.

Number of Jobs Created and Maintained

Year	YTD Total
2007	3049 -52.23%
2006	6382 +0.16%
2005	6372 +41.32%
2004	4509 -1.76%
2003	4590

Methodology: This data is reported from the State of Alaska Department of Labor.

Analysis of results and challenges: Continued investment in different programs and providing loans to businesses and for construction helped to stimulate the economy and create jobs.

A1: Strategy - Implement economic development programs and projects.

Target #1: Sustain U.S. consumer activities at FY08 level to generate positive Alaska seafood household and individual impressions, and maintain brand awareness.

Status #1: FY08 U.S. household impressions generated with cable TV totaled 225 million, consumer magazine ad circulation totaled 7.4 million, and trade ad circulation totaled 1,176,400.

Analysis of results and challenges: The major challenge facing Alaska's seafood promotion effort is sustaining the level of promotional activity in the U.S. and overseas despite sharp reductions in federal dollars. ASMI is a public-private partnership with core funding from the industry and support from state and federal grants. To maintain the marketing program raising the brand value in the United States, lost federal funds need to be replaced with state general fund dollars. Funding from industry consists of a voluntary seafood marketing assessment, voted in by the seafood processors and remitted to the Alaska Department of Revenue. Funding from federal sources include federal grants and federal Market Access Program (MAP) funds. In recent years, ASMI received substantial allocations of federal dollars through the Alaska Fisheries Marketing Board (AFMB) and the Alaska Governor's Office which were used to promote Alaska Seafood. The expenditure of dollars from these temporary sources was purposely spread over several years, to extend the positive impact. ASMI was forced to curtail its overall promotional effort in FY 09.

Target #2: Provide technical assistance in mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.

Status #2: Met objective of providing assistance to 4-6 rural community clusters through the Developing Alaska Rural Tourism program.

Number of Community Clusters Receiving Technical Assistance

Fiscal Year	YTD Total
FY 2008	4 0%
FY 2007	4 -42.86%
FY 2006	7 +75%
FY 2005	4 0%
FY 2004	0

Analysis of results and challenges: In FY08, tourism staff continued to assist with tourism development projects in four primary regions and with projects and business mentorships in several other individual communities. Assistance was provided to the following major community groups to develop marketing strategies, marketing partnerships, or package tourism products and attractions:

- (1) Central Southeast Alaska
- (2) Yukon-Kuskokwim Delta Communities
- (3) Copper Valley Communities
- (4) Bering Strait Region

Additional projects and mentorships occurred in the following communities: Galena, Tok, Kake, Klukwan, Port Graham, Skagway, Barrow.

Target #3: 500,000 brochures distributed to potential Alaska visitors.

Status #3: Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 534,816 brochures in FY 2008



Number of Alaska Marketing Brochures Distributed

Fiscal Year	YTD Total
FY 2008	534,816 -4.99%
FY 2007	562,904 -4.44%
FY 2006	589,082 +18.95%
FY 2005	495,227 -4.52%
FY 2004	518,693 -3.24%
FY 2003	536,043

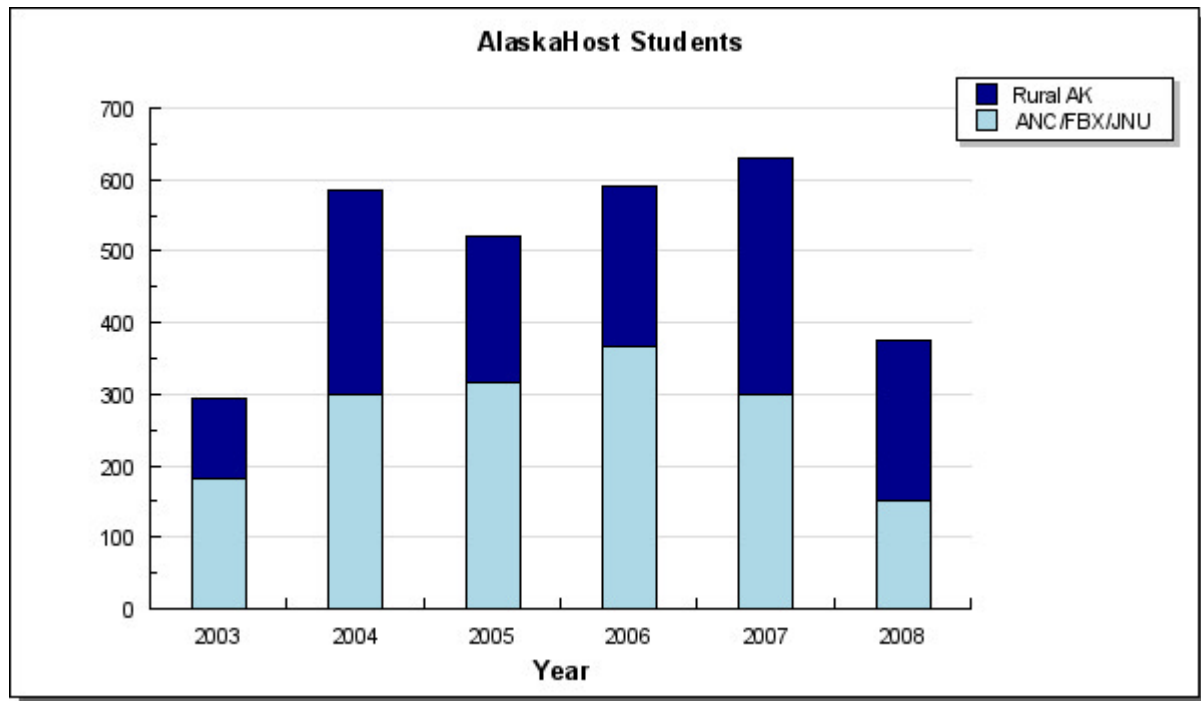
Analysis of results and challenges: The role of the Alaska Travel Industry Association (ATIA) consumer marketing programs is to find potential visitors throughout North America and provide them with compelling information about Alaska in an effort to convert their interest in Alaska to actual travel to the state. Aggressive direct response programs in FY08 allowed ATIA to reach millions of potential visitors and resulted in 534,816 qualified requests for Alaska travel information. Although the goal for the year was exceeded, the total number of brochures distributed to consumers responding to the marketing campaigns decreased slightly over the prior year.

Each year, ATIA establishes a goal in regards to the number of marketing brochures distributed to potential visitors.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message.

Target #4: Increase number of students who complete AlaskaHost customer service training by 10% each year.

Status #4: Did not meet goal of increasing number of students receiving AlaskaHost training. Number of students trained between FY07 and FY08 decreased by 40.6%.



AlaskaHost Students

Year	ANC/FBX/JNU	Rural AK	YTD Total
2008	151 -49.67%	223 -32.42%	374 -40.63%
2007	300 -18.26%	330 +46.67%	630 +6.42%
2006	367 +16.14%	225 +10.29%	592 +13.85%
2005	316 +4.98%	204 -27.92%	520 -10.96%
2004	301 +65.38%	283 +154.95%	584 +99.32%
2003	182	111	293

Analysis of results and challenges: The total number of students who completed AlaskaHost training decreased overall by 41% from 630 in 2007 to 374 in 2008. The decrease includes a 50% decrease in the number of students who completed AlaskaHost training in communities in Anchorage, Fairbanks and Juneau and a 32% decrease in students outside these communities (from 330 in 2007 to 223 in 2008).

The decrease is primarily due to limited funding available to conduct AlaskaHost training and less exposure for the program. These reductions were a result of the Economic Development Administration, U.S. Department of Commerce ending its support for rural tourism development in June 2007. New funding for rural tourism development became available again in August 2008 and it is expected to increase student participation in FY09.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.

Status #1: Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year.

Community On-Site Assistance

Year	# of Communities	On-site Visits
2008	41 +7.89%	63 +5%
2007	38 +5.56%	60 +3.45%
2006	36 -10%	58 +9.43%
2005	40 +25%	53 +6%
2004	32 +60%	50 +78.57%
2003	20	28

Analysis of results and challenges: Sustainability of communities is a significant issue due to increasing costs for major budget items such as insurance. The Division expects increases in technical assistance requests to continue. The primary challenge to the Division will be to meet the increasing need with a static level of resources. In 2006/2007 fuel price increases caused several communities to have significant problems. Assistance in resolving this particular issue required that more trips be made to fewer communities. The Division will meet this target through creation of alternative delivery systems and prioritization of need.

Target #2: 100% of municipal governments provide essential public services.

Status #2: Did not meet target of 100% of municipal governments providing essential public services. An average of 83% of municipal governments provided essential public services in FY 2006, 2007, and 2008.

Percentage of essential public service

Fiscal Year	YTD Total
FY 2008	83%
FY 2007	82%
FY 2006	83%
FY 2005	80%
FY 2004	85%

Methodology: this highlights data from the Division of Community and Regional Affairs

Analysis of results and challenges: The decrease in the percentage of communities providing essential services in 2005 was due to the reduction in police protection force and the increase of fuel cost in various rural cities. The Department is implementing a more detailed tracking system to collect information that is self reported by communities. In 2006, the Department has worked with rural cities to increase the services provided, such as election, budget, and other essential services.

In FY2007, the reduction was due in part to the increase in fuel and energy costs in various cities.

B1: Strategy - Improve quality of department's available resources to the public

Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.

Status #1: Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.

Number of communities participating in workshops

Year	Communities
2008	79 +88.1%
2007	42 +16.67%
2006	36 +12.5%
2005	32 +45.45%
2004	22 +46.67%
2003	15

Analysis of results and challenges: The technical training provided by the Division has assisted communities in developing skills to run local government services more efficiently. Turnover of community staff is a challenge to this strategy that will result in continuous need for training. The large yearly increases were due to additional funding made available through federally funded programs, and startup of training classes.

Target #2: 5% increase per year in successful interventions in communities due to monitoring of key indicators.

Status #2: Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.

Successful Interventions

Year	# of Interventions
2008	24 +14.29%
2007	21 +10.53%
2006	19

Analysis of results and challenges: This increase has been accomplished by additional monitoring of tax reporting, fuel ordering, PCE reporting, and liens filed. This allows the Division to proactively contact communities prior to a financial crisis which may cause interruptions to electrical, sanitation, police or governmental services.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

The Department of Commerce placed our programs in priority order based on the following:

Programs and services that are essential to the Department's mission of promoting strong communities in Alaska through community assistance.

Programs that are essential to the Department's mission to protect the consumer and to provide for a stable business climate.

Programs and functions that are central to the Department's mission of promoting a healthy economy through economic development.

1. Local Government Development. Ensure local
9. Regulate Securities & Financial Institutions.

governments are functioning and viable by providing advice and information regarding public services, financial management training, election information, and financial assistance.

2. Rural Energy Programs. Administer rural energy programs.
 3. Local Boundary Commission. Offer recommendations regarding municipal boundary changes and incorporations.
 4. Community and Business Development. Provide grants, advice, information, financial management training, and financial assistance to tribal governments, communities and other organizations.
 5. State Assessor and Property Tax. Assist municipalities regarding assessment and tax issues; make local property full and true value determinations; monitor local assessment practices for compliance with State law.
 6. Land Management and Mapping. Ensure public projects have site control; administer the Municipal Lands Trust program; produce and provide community maps.
 7. Rural Utility Business Advisor (RUBA). Encourage rural water and sewer utilities to operate as a business; offer business, finance, personnel and management assistance to local governments and organizations.
 8. Regulate Professions, Businesses and Corporations. Administer 40 occupational licensing programs covering 130 occupations. License approximately 73,000 businesses. Provide legal recognition to businesses by serving as a filing agency.
10. Regulate Insurance Industry. Develop and enforce the insurance statutes and regulations to: protect and educate the consumer; assure competitive, viable, ethical and lawful insurance is available to Alaskans; and enhance the insurance business environment
 11. Regulate Utilities and Pipeline Carriers. Ensure affordable and reliable utility and pipeline services.
 12. Community Development Quota (CDQ) Program. Promote commercial fisheries related economic development in western Alaska through allocation of percentages of each fisheries species to coalitions of communities.
 13. Financial Services & Loan Programs. Provide various means of financing and facilitate the financing of businesses, commercial fisheries, and hatcheries in Alaska.
 14. Alaska Aerospace Development. Provide rocket launch services to government and commercial customers.
 15. Fisheries Development and Marketing. Promote economic development of Alaska's commercial fisheries and seafood industry and market Alaska seafood products domestically and overseas.

Executive Administration and Development Results Delivery Unit**Contribution to Department's Mission**

See components.

FY2010 Resources Allocated to Achieve Results**FY2010 Results Delivery Unit Budget: \$5,354,700****Personnel:**

Full time 52

Part time 0

Total 52

Component: Commissioner's Office

Contribution to Department's Mission

Implement policy directives for the Department and provide support for the divisions.

Major Activities to Advance Strategies

- Establish policy.
- Manage the department.
- Serve as department's liaison with the Governor's Office.
- Participate in boards and commissions.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$920,800

Personnel:

Full time	6
Part time	0
Total	6

Component: Administrative Services

Contribution to Department's Mission

Provide professional support services for the Department's programs.

Core Services

- Financial support services of Budget, Accounting, Monitoring and Reporting
- Procurement and Office Space Management
- Information Technology
- Publications

End Result	Strategies to Achieve End Result
A: Ensure compliance with all accounting principles. <u>Target #1:</u> Zero audit findings. <u>Status #1:</u> Target of zero audit findings was achieved. <u>Target #2:</u> Zero questioned costs required to be returned to federal government. <u>Status #2:</u> Target of zero questioned costs that were required to be returned to the federal government was achieved.	A1: Actively manage the financial activities of each agency. <u>Target #1:</u> Meet with program staff and analyze financial information on a continuing basis for all 12 agencies. <u>Status #1:</u> Target achieved. Fiscal staff met several times with all 12 agencies during the fiscal year.
End Result	Strategies to Achieve End Result
B: Provide effective and efficient procurement-related services. <u>Target #1:</u> Zero procurement protests. <u>Status #1:</u> Target of zero procurement protests during the fiscal year was achieved. <u>Target #2:</u> Zero procurement protests elevated to the appeal level handled by the Department of Administration. <u>Status #2:</u> Target of zero procurement protests appealed during the fiscal year was achieved.	B1: Provide procurement-related training. <u>Target #1:</u> 100% of employees performing procurement-related services receive required procurement training. <u>Status #1:</u> Target achieved, 100% of the personnel involved in procurement-related services have 100% of the training required for their positions.
End Result	Strategies to Achieve End Result
C: Provide efficient and secure information technology services for the Department. <u>Target #1:</u> Zero security breaches. <u>Status #1:</u> Target of having zero security breaches during this year was achieved. <u>Target #2:</u> 70% percent of IT projects completed on time.	C1: Provide technical training to information technology staff. <u>Target #1:</u> 100% of information technology staff completes at least one course per year. <u>Status #1:</u> Target of 100% not met, 42% of our information technology staff has completed at least one course this year.

Status #2: Exceeded target of 70% project completion, as 85% of projects were completed this fiscal year.

Major Activities to Advance Strategies

- Budget Preparation and Monitoring
- Office Space Management
- Maintain Effective Security of Department Data
- Procurement
- Legislative Hearing Support and Testimony
- Develop and Support E-Commerce Applications
- Appropriation, Fund and Cost Accounting
- Maintain Computer Network

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$4,433,900

Personnel:

Full time	46
Part time	0
Total	46

Performance

A: Result - Ensure compliance with all accounting principles.

Target #1: Zero audit findings.

Status #1: Target of zero audit findings was achieved.

Number of Audit Recommendations

Fiscal Year	YTD Total
FY 2008	0
FY 2007	1
FY 2006	1
FY 2005	1
FY 2004	0
FY 2003	3

Analysis of results and challenges: Although there were no audit findings in FY2008, the FY2007 finding related to the Bulk Fuel Bridge Loan program has been resolved.

Target #2: Zero questioned costs required to be returned to federal government.

Status #2: Target of zero questioned costs that were required to be returned to the federal government was achieved.

Amount of Questioned Costs Returned to Federal Government

Fiscal Year	YTD Total
FY 2008	0
FY 2007	0
FY 2006	0
FY 2005	0
FY 2004	0
FY 2003	0

Analysis of results and challenges: To be in compliance with audit and federal guidelines, the Finance Services section has strictly followed federal cost and administrative requirements (A-87 and A-122) and State rules and regulations on federal programs to eliminate audit or financial findings. No federal funding has been returned as a result of unallowable costs for five or more years.

A1: Strategy - Actively manage the financial activities of each agency.

Target #1: Meet with program staff and analyze financial information on a continuing basis for all 12 agencies.

Status #1: Target achieved. Fiscal staff met several times with all 12 agencies during the fiscal year.

Number of agencies

Fiscal Year	YTD Total
FY 2008	12
FY 2007	12
FY 2006	12
FY 2005	12

Analysis of results and challenges: Financial Services section has provided financial assistance, advice, and information to assist agencies in managing their budgets. This process has eliminated appropriation shortfalls in the Department's budget and has resulted in no ratifications for the Department for several years.

B: Result - Provide effective and efficient procurement-related services.

Target #1: Zero procurement protests.

Status #1: Target of zero procurement protests during the fiscal year was achieved.

Number of procurement protests

Fiscal Year	YTD Total
FY 2008	0 -100%
FY 2007	1 0%
FY 2006	0 0%
FY 2005	0 0%
FY 2004	0 0%
FY 2003	0

Analysis of results and challenges: Due to the complete analysis of each contract, zero procurement protests were elevated to the appeal level handled by the Department of Administration.

Target #2: Zero procurement protests elevated to the appeal level handled by the Department of Administration.

Status #2: Target of zero procurement protests appealed during the fiscal year was achieved.

Number of procurement appeals

Fiscal Year	YTD Total
FY 2008	0 -100%
FY 2007	1 0%
FY 2006	0 0%
FY 2005	0 0%
FY 2004	0 0%
FY 2003	0

Analysis of results and challenges: Because the procurement staff was able to eliminate contract problems at an early stage, the department did not have any appeals from the contractors.

B1: Strategy - Provide procurement-related training.

Target #1: 100% of employees performing procurement-related services receive required procurement training.

Status #1: Target achieved, 100% of the personnel involved in procurement-related services have 100% of the training required for their positions.

Percentage of employees receive training

Fiscal Year	YTD Total
FY 2008	100%
FY 2007	100%
FY 2006	100%
FY 2005	100%
FY 2004	50%

Analysis of results and challenges: The training the procurement staff received was instrumental in their ability to adhere to the Department of Administration's procurement rules, and resulted in no procurement violations.

C: Result - Provide efficient and secure information technology services for the Department.

Target #1: Zero security breaches.

Status #1: Target of having zero security breaches during this year was achieved.

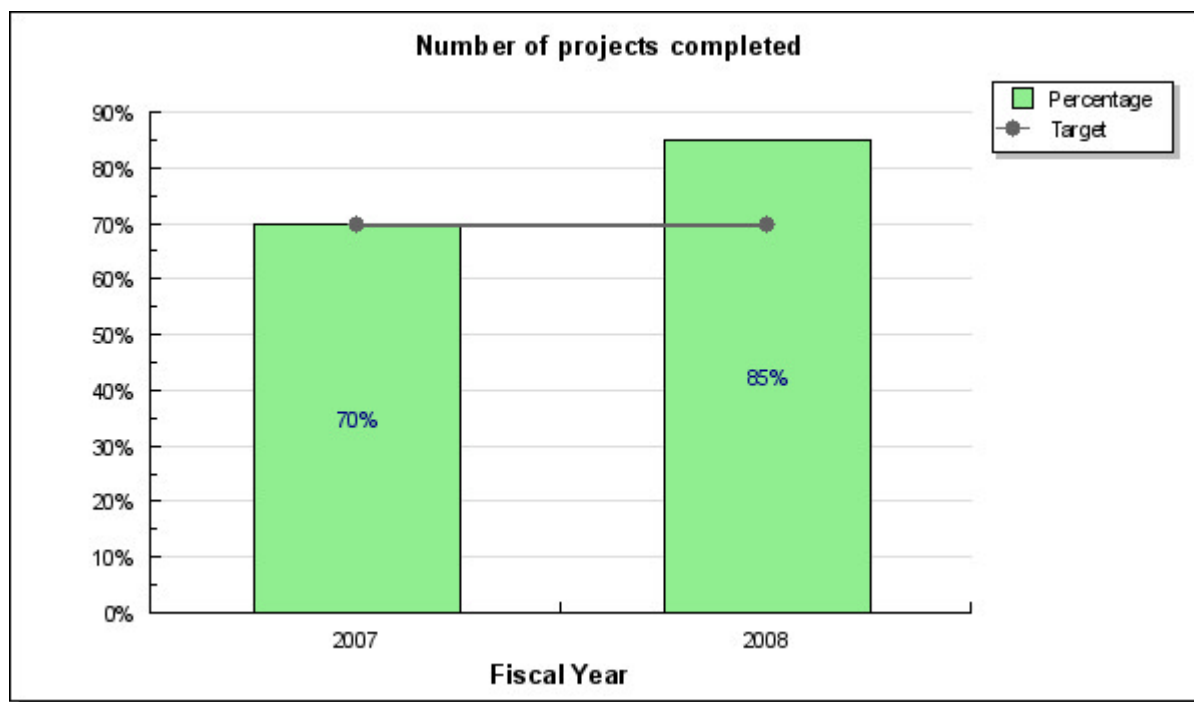
Year	YTD Total
2008	0
2007	0
2006	0
2005	0
2004	0
2003	0

Analysis of results and challenges: The Department's anti-virus software is continually upgraded to maintain

security.

Target #2: 70% percent of IT projects completed on time.

Status #2: Exceeded target of 70% project completion, as 85% of projects were completed this fiscal year.



Number of projects completed

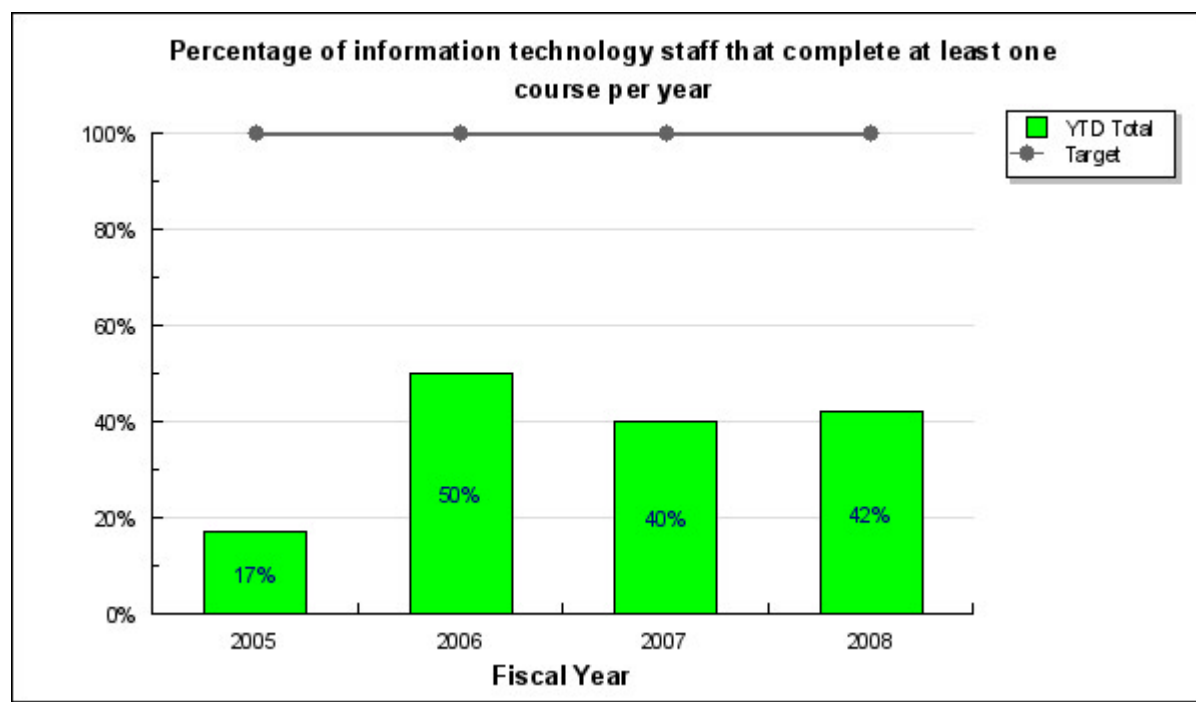
Fiscal Year	Number of Projects	Projects Completed	Percentage	Target
FY 2008	34	29	85%	70%
FY 2007	40	28	70%	70%

Analysis of results and challenges: Some of the projects are long-range and require more than one fiscal year to complete.

C1: Strategy - Provide technical training to information technology staff.

Target #1: 100% of information technology staff completes at least one course per year.

Status #1: Target of 100% not met, 42% of our information technology staff has completed at least one course this year.



Percentage of information technology staff that complete at least one course per year

Fiscal Year	YTD Total	Target
FY 2008	42%	100%
FY 2007	40%	100%
FY 2006	50%	100%
FY 2005	17%	100%

Analysis of results and challenges: The information technology staff continues to have a high rate of turnover. This turnover significantly impacts our ability to meet the goal. Analysis of turnover rate and methods to reduce it will need further study.

Community Assistance & Economic Development Results Delivery Unit**Contribution to Department's Mission**

See components

FY2010 Resources Allocated to Achieve Results**FY2010 Results Delivery Unit Budget: \$12,788,900****Personnel:**

Full time 72

Part time 2

Total 74

Component: Community and Regional Affairs

Contribution to Department's Mission

Promote strong communities and healthy economies.

Core Services

- Local Government Assistance - Assist local governments to develop and maintain local capacities to provide efficient and effective services.
- RUBA Program - Increase the managerial and financial capacities of rural water and wastewater utilities.
- Land Management Assistance - Assist communities on regional and local basis to address and resolve land and planning issues.
- Financial Assistance - Provide financial assistance to communities through administration of multiple grant and funding distribution programs.
- Information Resources - Collect, analyze and publish local government information and economic development information.
- State Assessor - Provide accurate assessments of property values in order to promote equity in the distribution of education funding and other shared revenue programs.
- Serve as staff to the Local Boundary Commission, including preparation of reports on proposed local boundary actions and distribution of information to residents and communities on incorporation, dissolution, annexation, or consolidation procedures.

End Result	Strategies to Achieve End Result
A: Deliver effective management advice and assistance to communities. <u>Target #1:</u> 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services. <u>Status #1:</u> Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year. <u>Target #2:</u> 100% of communities eligible for funding qualify for available financial resource programs. <u>Status #2:</u> Did not meet target. The number of communities qualifying for funding increased by 1.62% to 96.44%.	A1: Improve DCRA's monitoring capabilities for rural Alaska to identify municipalities at risk of service interruptions. <u>Target #1:</u> 100% of municipalities submit statutorily required budgets and audit/certified financial statements to the division within established deadlines. <u>Status #1:</u> Did not meet the target. Only 82% of municipalities submitted required documents on time, an increase of 1.52% from the previous year. A2: Provide assistance to grantees in the local administration of grants - including preparation and submission of grant reports. <u>Target #1:</u> 8% increase per year in the number of grantees provided individual assistance. <u>Status #1:</u> Exceeded target of an 8% increase per year in the number of grantees provided individual assistance with 9.4% increase this fiscal year and a five-year average of 12.55%.
End Result	Strategies to Achieve End Result
B: Increase number of Alaska citizens who have access to local government services.	B1: Improve capacity through direct training.

<p>Target #1: 100% of municipal governments provide essential public services. Status #1: Target of 100% municipal governments providing essential public services was not met--83% of communities provided essential public services in FY08.</p>	<p>Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff. Status #1: Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.</p> <p>B2: Improve quality of division's available resources to the public.</p> <p>Target #1: 5% increase per year in the number of technical assistance publications updated or created. Status #1: Exceeded target of 5% per year increase in number of technical assistance, publications updated or created with 6.67% increase this fiscal year and a five-year average of 15.44%.</p>
End Result	Strategies to Achieve End Result
<p>C: Increase number of communities demonstrating adequate capacity to manage rural utility systems.</p> <p>Target #1: 5% increase per year in number of rural utilities requesting assistance from the Rural Utility Business Advisor (RUBA) program to increase their management capacity. Status #1: A 7.63% increase in FY08--and a five-year average increase of 21.9%--exceeded the target of a 5% increase in the number of rural utilities receiving assistance from the RUBA program.</p>	<p>C1: Increase management capacity of rural utilities through on-site assistance</p> <p>Target #1: 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training. Status #1: Exceeded target of 5% per year increase in number of on-site visits to rural utilities to provide technical assistance and training. There was a 12.02% increase this fiscal year and a five-year average increase of 16.82% .</p> <p>C2: Increase management capacity of rural utilities through targeted management assistance.</p> <p>Target #1: 5% increase per year in rural utilities which meet all essential management indicators. Status #1: Achieved an 8% increase this fiscal year, exceeding the target of 5% per year increase in rural utilities which meet all essential management indicators.</p> <p>Target #2: 5% increase per year in rural utilities which meet all sustainable management indicators. Status #2: Exceeded target of 5% per year increase with 13.33% increase in this fiscal year for rural utilities which met all sustainable management indicators.</p> <p>C3: Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.</p> <p>Target #1: 5% increase per year in the number of regularly monitored communities by Division staff. Status #1: Exceeded target of 5% per year increase in number of regularly monitored communities by staff with 9.85% increase this fiscal year and a six year average</p>

	<p>of 29.83% increase per year.</p> <p>C4: Increase number of interventions in communities before crisis develops through improving community capacity.</p> <p><u>Target #1:</u> 5% increase per year in successful interventions in communities due to monitoring of key indicators.</p> <p><u>Status #1:</u> Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.</p>
End Result	Strategies to Achieve End Result
<p>D: Equity and consistency exist in full value determinations across state taxing jurisdictions.</p> <p><u>Target #1:</u> Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.</p> <p><u>Status #1:</u> Met target of 100% equalization of all property assessments in all boroughs and cities.</p> <p><u>Target #2:</u> Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.</p> <p><u>Status #2:</u> Did not meet target. It is a challenge to conduct on-site audits of some remote areas.</p> <p><u>Target #3:</u> Meet statutory requirement to complete full value determinations on all non-taxing municipalities every two years and on-site inspections every four years.</p> <p><u>Status #3:</u> Met the statutory obligation for both on-site inspections and reviewing full value determinations.</p>	<p>D1: Provide needed value modeling to produce adequate full values.</p> <p><u>Target #1:</u> Completion of the recalibration of each category in the value model every two years.</p> <p><u>Status #1:</u> Met target by completing recalibration of five categories in the value model.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Provide technical assistance and fuel loans through the Bulk Fuel Bridge Loan program to communities ineligible under other fuel loan programs. • Train community officials and local government staff to build capacity to operate local governments through on-site assistance and regional training. • Train community officials and staff in the operation and management of essential utility facilities through on-site assistance and regional training • Increase online availability of technical assistance information and training course materials on local governance and enterprise/financial management • Assist communities in resolving payroll tax issues prior to IRS or Department of Labor liens and levies being filed. 	<ul style="list-style-type: none"> • Coordinate federal, state and local resources to provide for digital community mapping for use in community planning and infrastructure development. • Provide on-site assistance to grantees on grant management, and effectively administer the increasing number of grants awarded to communities. • Complete new full value determinations on all non-taxing municipalities every two years and on-site inspections every four years. • Collect information on rural communities to provide a basis for emerging policy decisions. • Provide on-site and regional training to municipal staff regarding tax assessment, valuation, and collection issues.

Major Activities to Advance Strategies

- Negotiate and finalize ANCSA 14(c)(3) settlements to provide lands for public development as well as private economic development.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$9,703,400

Personnel:

Full time	59
Part time	0
Total	59

Performance

A: Result - Deliver effective management advice and assistance to communities.

Target #1: 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.

Status #1: Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year.

Community On-Site Assistance

Year	# of Communities	On-site Visits
2008	41 +7.89%	63 +5%
2007	38 +5.56%	60 +3.45%
2006	36 -10%	58 +9.43%
2005	40 +25%	53 +6%
2004	32 +60%	50 +78.57%
2003	20	28

Analysis of results and challenges: Sustainability of communities is a significant issue due to increasing costs for major budget items such as insurance. The Division expects increases in technical assistance requests to continue. The primary challenge to the Division will be to meet the increasing need with a static level of resources. In 2006/2007 fuel price increases caused several communities to have significant problems. Assistance in resolving this particular issue required that more trips be made to fewer communities. The Division will meet this target through creation of alternative delivery systems and prioritization of need.

Target #2: 100% of communities eligible for funding qualify for available financial resource programs.

Status #2: Did not meet target. The number of communities qualifying for funding increased by 1.62% to 96.44%.

Communities Qualifying and Receiving funds

Fiscal Year	% of Communities
FY 2008	96.44 +1.62%
FY 2007	94.90 +4.42%
FY 2006	90.88 -1.76%
FY 2005	92.51

Analysis of results and challenges: Assisting communities to access all available funding is one key to sustainability. Management issues that prevent communities from completing end-of-year financial statements or audits are the main reason funds cannot be disbursed. By targeting communities with a history of not qualifying for programs, we hope to increase the number of communities qualifying for payments.

A1: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify municipalities at risk of service interruptions.

Target #1: 100% of municipalities submit statutorily required budgets and audit/certified financial statements to the division within established deadlines.

Status #1: Did not meet the target. Only 82% of municipalities submitted required documents on time, an increase of 1.52% from the previous year.

Municipality submitting on time budgets, financial statements and/or audits

Year	# of Communities
2008	134 +1.52%
2007	132 +1.54%
2006	130 +13.04%
2005	115 +9.52%
2004	105 +7.14%
2003	98

Analysis of results and challenges: Timely filing of financial documents is an indication that municipalities are developing both budgets and end-of-year financial reports in a time frame that allows for their use in guiding financial policies. Given the limited resources made available to the Division, it is challenging to develop incentives or motivations to encourage voluntary compliance by municipalities. If a community does not comply with the requirements for these filings, they will not qualify for various programs and funding.

A2: Strategy - Provide assistance to grantees in the local administration of grants - including preparation and submission of grant reports.

Target #1: 8% increase per year in the number of grantees provided individual assistance.

Status #1: Exceeded target of an 8% increase per year in the number of grantees provided individual assistance with 9.4% increase this fiscal year and a five-year average of 12.55%.

Grants to Communities

Year	# of New Grants	Total # of Grants	Grants per Administrator
2008	683 +47.84%	1908 +9.4%	212 -14.86%
2007	462 -34.84%	1744 +7.65%	249 +7.33%
2006	709 +42.94%	1620 +9.83%	232 +9.95%
2005	496 +46.75%	1475 +23.33%	211 +24.12%
2004	338	1196	170

Analysis of results and challenges: Many of the communities that are provided assistance via grants need assistance in proper development of their grant requests and in administration of the grants they receive. Individual assistance to grantees has increased for several reasons: (1) A reduction in the number of open grants overseen by each Grant Administrator; (2) the addition of three grant administrator positions, and; (3) internal reorganization.

B: Result - Increase number of Alaska citizens who have access to local government services.

Target #1: 100% of municipal governments provide essential public services.

Status #1: Target of 100% municipal governments providing essential public services was not met--83% of communities provided essential public services in FY08.

Percentage of governments providing essential public services

Fiscal Year	YTD Total
FY 2008	83%
FY 2007	82%
FY 2006	83%
FY 2005	80%
FY 2004	85%

Analysis of results and challenges: There is no requirement for communities to report services provided. The primary means for collecting this data is through analysis of budget documents and anecdotal on-site assistance reports. The Division is working to address the challenge to collect and correct information that is self-reported by communities.

B1: Strategy - Improve capacity through direct training.

Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.

Status #1: Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.

Number of communities participating in workshops

Year	Communities
2008	79 +88.1%
2007	42 +16.67%
2006	36 +12.5%
2005	32 +45.45%
2004	22 +46.67%
2003	15

Analysis of results and challenges: The technical training provided by the Division has assisted communities in developing skills to run local government services more efficiently. Turnover of community staff is a challenge to this strategy that will result in continuous need for training. The large yearly increases were due to additional funding made available through federally funded programs, and startup of training classes.

B2: Strategy - Improve quality of division's available resources to the public.

Target #1: 5% increase per year in the number of technical assistance publications updated or created.

Status #1: Exceeded target of 5% per year increase in number of technical assistance, publications updated or created with 6.67% increase this fiscal year and a five-year average of 15.44%.

Publications Created/Updated

Year	# Avail Tech Material
2008	16 +6.67%
2007	15 +7.14%
2006	14 +7.69%
2005	13 +18.18%
2004	11 +37.5%
2003	8

Analysis of results and challenges: New and updated technical assistance publications are used by municipal and community staff to increase their financial and managerial skills, resulting in more effective governments.

C: Result - Increase number of communities demonstrating adequate capacity to manage rural utility systems.

Target #1: 5% increase per year in number of rural utilities requesting assistance from the Rural Utility Business Advisor (RUBA) program to increase their management capacity.

Status #1: A 7.63% increase in FY08--and a five-year average increase of 21.9%--exceeded the target of a 5% increase in the number of rural utilities receiving assistance from the RUBA program.

Communities Participating in RUBA Program

Year	# of Communities
2008	141 +7.63%
2007	131 +22.43%
2006	107 +27.38%
2005	84 +20%
2004	70 +32.08%
2003	53

Analysis of results and challenges: The significant increase in costs over the past two years has threatened communities' ability to continue to operate sanitation, electric, and fuel distribution utilities. Closure of one or more of these utilities in a community threatens the health and safety of residents. Increases in the management capability of local staff can offset much of the financial impact through efficiency or consolidation of entities.

C1: Strategy - Increase management capacity of rural utilities through on-site assistance

Target #1: 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.

Status #1: Exceeded target of 5% per year increase in number of on-site visits to rural utilities to provide technical assistance and training. There was a 12.02% increase this fiscal year and a five-year average increase of 16.82%.

Number of on-site visits

Year	# of On-site visits
2008	233 +12.02%
2007	208 +13.66%
2006	183 +8.93%
2005	168 +26.32%
2004	133 +23.15%
2003	108

Analysis of results and challenges: On-site training of individuals managing sanitation utilities has increased the number of utilities passing Management Capacity Assessments, becoming Provisionally Certified with RCA, and reducing long-term debts.

C2: Strategy - Increase management capacity of rural utilities through targeted management assistance.

Target #1: 5% increase per year in rural utilities which meet all essential management indicators.

Status #1: Achieved an 8% increase this fiscal year, exceeding the target of 5% per year increase in rural utilities which meet all essential management indicators.

Number of Communities meeting all essential management indicators

Fiscal Year	# of Communities
FY 2008	81 +8%
FY 2007	75 +167.86%
FY 2006	28

Analysis of results and challenges: This performance indicator is a grant condition in many sanitation construction grants. As such, there was a significant increase in requests for assessments, and a sharper focus on completing the criteria to pass the essential indicators.

Target #2: 5% increase per year in rural utilities which meet all sustainable management indicators.

Status #2: Exceeded target of 5% per year increase with 13.33% increase in this fiscal year for rural utilities which met all sustainable management indicators.

of Rural Utilities Meeting all Sustainable Management Indicators

Fiscal Year	# of Communities
FY 2008	17 +13.33%
FY 2007	15 -28.57%
FY 2006	21

Analysis of results and challenges: The increase is primarily due to Local Government Specialists promoting sustainable indicators to communities. Sustainable indicators are used to determine the sustainability of rural utilities. For instance, the utility needs to provide monthly financial reports with analysis on revenue trends, ensure that revenue generated is able to cover operating costs and deferred maintenance, and that the utilities are conducting monthly bank reconciliations.

C3: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.

Target #1: 5% increase per year in the number of regularly monitored communities by Division staff.

Status #1: Exceeded target of 5% per year increase in number of regularly monitored communities by staff with 9.85% increase this fiscal year and a six year average of 29.83% increase per year.

Percentage of regularly monitored communities

Fiscal Year	#of Communities
FY 2008	145 +9.85%
FY 2007	132 +94.12%
FY 2006	68 +38.78%
FY 2005	49 +4.26%
FY 2004	47 +2.17%
FY 2003	46

Analysis of results and challenges: The increase in construction projects with Division-monitored management grant conditions caused a large increase in this measure.

Regular monitoring allows staff to discover and correct potential problems before they significantly impact utilities financially or managerially.

C4: Strategy - Increase number of interventions in communities before crisis develops through improving community capacity.

Target #1: 5% increase per year in successful interventions in communities due to monitoring of key indicators.

Status #1: Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.

Successful Interventions

Year	# of Interventions
2008	24 +14.29%
2007	21 +10.53%
2006	19

Analysis of results and challenges: This increase has been accomplished by additional monitoring of tax reporting, fuel ordering, PCE reporting, and liens filed. This allows the Division to proactively contact communities prior to a financial crisis which may cause interruptions to electrical, sanitation, police or governmental services.

D: Result - Equity and consistency exist in full value determinations across state taxing jurisdictions.

Target #1: Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.

Status #1: Met target of 100% equalization of all property assessments in all boroughs and cities.

% of Full Market Evaluations Completed

Year	YTD Total
2008	100%
2007	100%
2006	100%
2005	100%
2004	100%

Analysis of results and challenges: Full value determinations are used in several statewide funding distribution programs. These determinations require on-site visits to make adequate, defensible determinations. If these values are not correct, inequities in amounts distributed will occur. One challenge is having the personnel resources which will allow adequate on-site visits to determine correct values.

Target #2: Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.

Status #2: Did not meet target. It is a challenge to conduct on-site audits of some remote areas.

Number of audits completed per year

Year	YTD Total	Target
2008	4	5
2007	0	5
2006	1	5
2005	2	5
2004	2	5

Analysis of results and challenges: The detail of each city and borough tax policies and assessment procedures

vary widely making the on-site audits difficult. The challenge will be to find a simple audit plan that fits most municipalities. A new position was added at the end of FY07 to assist with completion of audits.

Target #3: Meet statutory requirement to complete full value determinations on all non-taxing municipalities every two years and on-site inspections every four years.

Status #3: Met the statutory obligation for both on-site inspections and reviewing full value determinations.

Year	YTD Total	Target
2008	4	4
2007	3	4

Analysis of results and challenges: This was new requirement enacted by statute in FY06. A new staff person added at the end of FY07 will assist in the completions of the targeted number of determinations.

D1: Strategy - Provide needed value modeling to produce adequate full values.

Target #1: Completion of the recalibration of each category in the value model every two years.

Status #1: Met target by completing recalibration of five categories in the value model.

Number of Tax Models Recalibrated

Year	YTD Total	Target
2008	5	5
2007	3	5
2006	5	5
2005	3	5
2004	1	5

Analysis of results and challenges: The challenge is obtaining adequate data for recalibrating the value models. This process is time consuming and depends upon adequate personnel resources being made available. If tax models are not recalibrated, recalibrated accurately, or in a timely manner, full value determinations will be inaccurate - causing inequities in tax values.

Component: Office of Economic Development

Contribution to Department's Mission

Advance successful tourism, film, fisheries, forest products, minerals and small business assistance programs in order to increase economic activity in Alaska and create new employment opportunities for Alaskans.

Core Services

- Provide policy recommendations and staff support to the Governor and Commissioner on tourism, film, fisheries, forest products, minerals and business development issues.
- Provide a link between Alaska communities (especially rural communities), government, businesses, and industry sectors.
- Compile industry data and provide analysis to the public and industry.
- Support development of potential growth industries and products.
- Monitor changes in Alaska's economic climate and recommend adjustments as necessary.
- Provide technical assistance to industry and to potential entrepreneurs.
- Support export-led development.
- Analyze the economic effect of proposed regulations on small businesses
- Manage the Alaska Regional Development Organizations (ARDORs) program, the Made in Alaska program, the Alaska Manufacturing Extension Partnership (AMEP) and the Alaska Marketplace Program (AMP).

End Result	Strategies to Achieve End Result
<p>A: Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.</p> <p><u>Target #1:</u> Increased economic benefits from visitors each year.</p> <p><u>Status #1:</u> Met objective of increasing economic benefits by increasing lodging tax revenues statewide by 39% and in rural areas (not including Anchorage, Fairbanks and Juneau) by 18%.</p> <p><u>Target #2:</u> One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.</p> <p><u>Status #2:</u> Met objective of assisting development of 4-6 new tourism projects or businesses. The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses.</p>	<p>A1: Implement Rural Visitor Industry Product Development Program and Tourism Business Mentorship Program.</p> <p><u>Target #1:</u> Provide technical assistance in mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.</p> <p><u>Status #1:</u> Met objective of providing assistance to 4-6 rural community clusters through the Developing Alaska Rural Tourism program.</p> <p>A2: Improve customer service skills and employability of Alaska's workforce.</p> <p><u>Target #1:</u> Increase number of students who complete AlaskaHost customer service training by 10% each year.</p> <p><u>Status #1:</u> Did not meet goal of increasing number of students receiving AlaskaHost training. Number of students trained between FY07 and FY08 decreased by 40.6%.</p> <p>A3: Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public Lands Information Center (TAPLIC).</p> <p><u>Target #1:</u> Increase the number of highway travelers served at the Tok Alaska Public Lands Information</p>

	<p>Center (APLIC)</p> <p><u>Status #1:</u> Met objective of increasing the number of visitors served by the Alaska Public Lands Information Center. Visitors served increased by 21.1% from 6,974 in 2007 to 8,466 in 2008.</p> <p>A4: Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.</p> <p><u>Target #1:</u> Increased economic contribution of all travel and tourism expenditures in Alaska.</p> <p><u>Status #1:</u> No new economic impact data is available. Tourism spending is estimated to have increased by 6.67% between Summer 2006 and Summer 2007 so economic impact is expected to have increased accordingly.</p> <p><u>Target #2:</u> Increased employment resulting from travel and tourism expenditures in Alaska.</p> <p><u>Status #2:</u> No new economic impact data is available to identify specific increases in tourism employment related to travel and tourism expenditures in Alaska. However, since we estimate that tourism spending has increased by 6.67% between Summer 2006 and Summer 2007, economic impact is expected to have increased accordingly.</p>
End Result	Strategies to Achieve End Result
<p>B: Increase the value of the minerals industry in Alaska.</p> <p><u>Target #1:</u> 10% annual increase in statewide mineral exploration spending.</p> <p><u>Status #1:</u> Met target of increasing statewide mineral exploration spending by 10% annually, with an 83.96% increase in mineral exploration spending between 2006 and 2007; spending is forecast to decrease slightly between 2007 and 2008; the actual numbers will not be determined until mid-2009.</p> <p><u>Target #2:</u> 10% annual increase in statewide mineral development expenditures.</p> <p><u>Status #2:</u> Did not meet target of increasing statewide mineral development expenditures by 10% annually, with a 35.69% decrease in minerals development expenditures between 2006 and 2007. The decrease is primarily the result of project completion and a lack of progress on existing project construction. The value is expected to increase between 2007 and 2008 by 3.67%.</p> <p><u>Target #3:</u> 10% annual increase in statewide mineral production value.</p> <p><u>Status #3:</u> Met target of increasing statewide mineral production value by 10% annually, with an 17.8% increase in minerals production value between 2006 and</p>	<p>B1: Be a strong advocate for minerals resource development.</p> <p><u>Target #1:</u> Maintain and improve trade show participation, and improve information products for the public.</p> <p><u>Status #1:</u> Actual participation was at four trade shows in FY 2008 with one more forecast for FY 2009.</p> <p><u>Target #2:</u> Publish two mining industry analysis reports each calendar year.</p> <p><u>Status #2:</u> On track to meet target of publishing two mining industry analysis reports each calendar year. The preliminary and final Alaska Minerals Industry Reports for 2007 have been published as of December, 2008. The Alaska Minerals Commission Report will be published in January, 2009.</p> <p><u>Target #3:</u> Improve the image of the minerals industry within the public sector in Alaska.</p> <p><u>Status #3:</u> Met target of improving the image of the minerals industry by providing information, delivering presentations and participating in workforce and educational development efforts in FY08.</p>

<p>2007. The value is forecast to decrease between 2007 and 2008 by 28.86%.</p> <p><u>Target #4:</u> 10% annual increase in total value of the Alaska minerals industry.</p> <p><u>Status #4:</u> Statewide mineral production value increased 13.65% from 2006 to 2007, exceeding the 10% target with a \$4.0 billion value of the Alaska minerals industry for 2007.</p>	
End Result	Strategies to Achieve End Result
<p>C: Economic return to the Alaska seafood industry from commercially harvested seafood is increased.</p> <p><u>Target #1:</u> By end of FY09, increase the number of Regional Seafood Development Associations (RSDAs) by 20%.</p> <p><u>Status #1:</u> Current number of RSDAs is four. On target to meet goal of increasing number of RSDAs by 20% by close of FY09.</p> <p><u>Target #2:</u> Increase the value of the coastal mariculture industry to at least \$500,000 by close of FY09.</p> <p><u>Status #2:</u> Data is being updated to reflect changes since FY2007 and will be available at the end of FY2009. It is expected that the industry will be progressing toward the target.</p>	<p>C1: Facilitate economic activities in rural communities.</p> <p><u>Target #1:</u> Meet with four Regional Seafood Development Associations (RSDAs) and two Alaska Regional Development Organizations (ARDORs) annually.</p> <p><u>Status #1:</u> Met target of meeting with four Regional Seafood Development Associations (RSDAs) and two Alaska Regional Development Organizations (ARDORs) annually.</p> <p>C2: Strengthen the decision-making base of information and materials aimed at providing timely, accurate commercial fisheries resources information.</p> <p><u>Target #1:</u> Research and write annual reports describing the economic impacts and benefits of the Alaska seafood industry.</p> <p><u>Status #1:</u> Met target to research and write annual reports describing economic impacts of seafood industry in the 2007 Alaska Economic Performance Report. (Report published November 2008)</p>
End Result	Strategies to Achieve End Result
<p>D: Alaska Regional Development Organizations (ARDORS) will be more effective in creating and sustaining economic activity within their respective regions.</p> <p><u>Target #1:</u> The average rate of leveraged local dollars to State dollars is 4.0</p> <p><u>Status #1:</u> With a statewide actual leveraged rate of 5.17 of local dollars to state dollars, the ARDORS program exceeded the target of a 4.0 leverage rate.</p>	<p>D1: Increase the average rate of leveraged local dollars to State dollars.</p> <p><u>Target #1:</u> The average rate of leveraged local dollars to State dollars is 4.0</p> <p><u>Status #1:</u> With a statewide actual leveraged rate of 5.17 of local dollars to state dollars, the ARDORS program exceeded the target of a 4.0 leverage rate.</p>
End Result	Strategies to Achieve End Result
<p>E: Increased economic benefits from sale of Alaska manufactured products.</p> <p><u>Target #1:</u> Increased number of jobs resulting from the sale of Made in Alaska manufactured products.</p>	<p>E1: Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska.</p> <p><u>Target #1:</u> Increase the number of certified Made in</p>

<p>Status #1: It is difficult to determine the number of jobs the Made in Alaska program produces directly. The registration process for "Made in Alaska" manufacturers and vendors is being changed. The new process should provide data on value of product, number of products, and number of employees. Data will become available during Fiscal Year 2009.</p>	<p>Alaska vendors by 3% per year.</p> <p>Status #1: Target of 3% per year growth in Made in Alaska vendors not met - as of August, 2008; there was a 1.14% increase in the number of certified Made in Alaska vendors.</p> <p>Target #2: Increase the number of Made in Alaska certified products manufactured per year.</p> <p>Status #2: Data will be collected and reported during Fiscal Year 2009.</p>
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Major Activities to Advance Strategies

- Conduct and publish annual studies to determine the state of the minerals, seafood, timber, and tourism industries.
- Provide, to the maximum extent possible, information to the public regarding the minerals, fisheries, timber, and tourism industries.
- Administer grant programs as funding becomes available.
- Publish the Net Return to the State of Alaska, which documents state revenues and expenditures associated with fisheries, mining, timber and tourism.
- Analyze and prepare a report on the effects of regulations on small business for the Department and Legislature.
- Network with business providers around the state and enhance service delivery.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$3,085,500

Personnel:

Full time	13
Part time	2
Total	15

Performance

A: Result - Rural Alaska communities in economically distressed areas will have more opportunities to diversify their economies through tourism development.

Target #1: Increased economic benefits from visitors each year.

Status #1: Met objective of increasing economic benefits by increasing lodging tax revenues statewide by 39% and in rural areas (not including Anchorage, Fairbanks and Juneau) by 18%.

Rural Alaska Lodging Tax Revenue (millions \$) w/o ANC, JNU, FBX

Year	YTD Total
2007	6.4 +17.43%
2006	5.45 -1.8%
2005	5.55 +22.25%
2004	4.54 +9.66%
2003	4.14 +2.22%
2002	4.05 -7.11%
2001	4.36 +9.82%
2000	3.97

Analysis of results and challenges: Statewide municipal lodging tax revenues increased by 39% between 2006 and 2007 from \$22.1 million to \$30.8 million. When Anchorage, Fairbanks, Fairbanks North Star Borough and Juneau are excluded, municipal lodging taxes for more rural areas of the state still increase by a significant 18% from \$5.45 million in 2006 to \$6.4 million in 2007

Target #2: One or more successful tourism development projects or new businesses developed in 4-6 rural Alaska community clusters each year.

Status #2: Met objective of assisting development of 4-6 new tourism projects or businesses. The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses.

New Tourism Projects in Rural Alaska

Fiscal Year	YTD Total
FY 2008	4 +33.33%
FY 2007	3 -57.14%
FY 2006	7 0%
FY 2005	0

Methodology: Count of new projects in rural Alaska.

Analysis of results and challenges: The Developing Alaska Rural Tourism (DART) program was started in FY2006 with a grant from the U.S. Economic Development Administration (EDA) and funding (personnel) from the Alaska Department of Commerce Community & Economic Development. EDA funding was in place during FY06 and 07, and will be in place for FY09 and 10. In FY08, a USDA grant funded the Tourism Mentorship Assistance Program.

The FY08 Tourism Mentorship Assistance program was instrumental in the startup of at least four new businesses in four rural communities.

A1: Strategy - Implement Rural Visitor Industry Product Development Program and Tourism Business Mentorship Program.

Target #1: Provide technical assistance in mentorship in 4-6 rural community clusters each year through Developing Alaska Rural Tourism program.

Status #1: Met objective of providing assistance to 4-6 rural community clusters through the Developing Alaska Rural Tourism program.

Number of Community Clusters Receiving Technical Assistance

Fiscal Year	YTD Total
FY 2008	4 0%
FY 2007	4 -42.86%
FY 2006	7 +75%
FY 2005	4 0%
FY 2004	0

Analysis of results and challenges: In FY08, tourism staff continued to assist with tourism development projects in four primary regions and with projects and business mentorships in several other individual communities. Assistance was provided to the following major community groups to develop marketing strategies, marketing partnerships, or package tourism products and attractions:

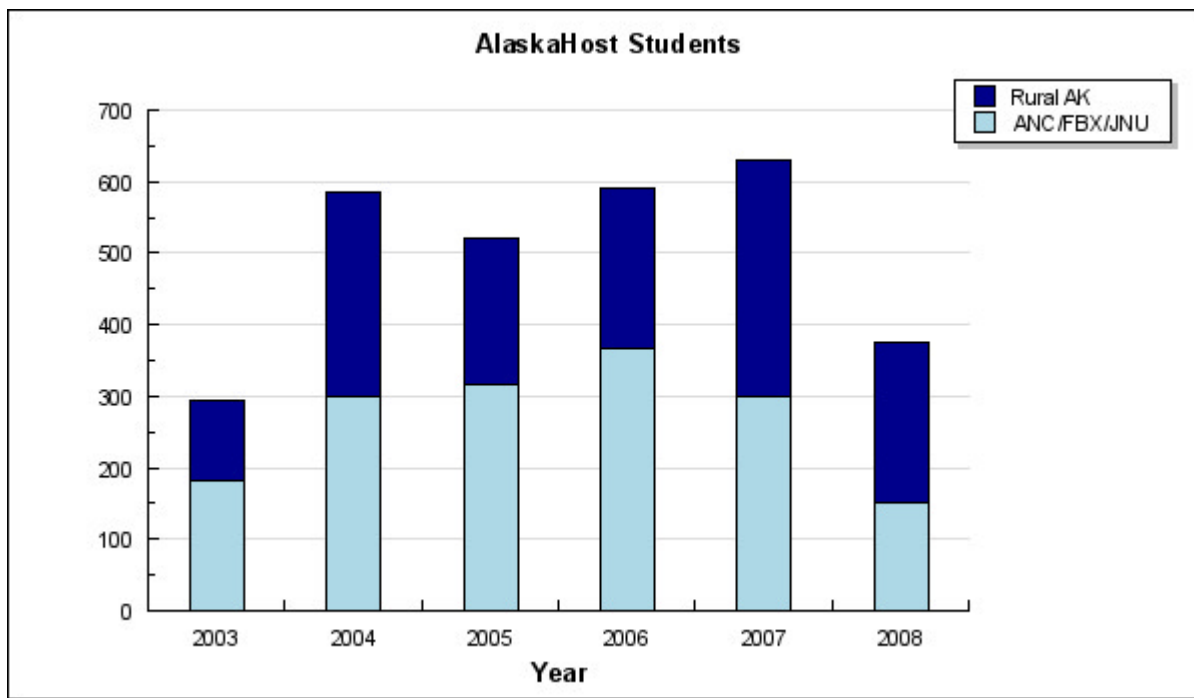
- (1) Central Southeast Alaska
- (2) Yukon-Kuskokwim Delta Communities
- (3) Copper Valley Communities
- (4) Bering Strait Region

Additional projects and mentorships occurred in the following communities: Galena, Tok, Kake, Klukwan, Port Graham, Skagway, Barrow.

A2: Strategy - Improve customer service skills and employability of Alaska's workforce.

Target #1: Increase number of students who complete AlaskaHost customer service training by 10% each year.

Status #1: Did not meet goal of increasing number of students receiving AlaskaHost training. Number of students trained between FY07 and FY08 decreased by 40.6%.



AlaskaHost Students

Year	ANC/FBX/JNU	Rural AK	YTD Total
2008	151 -49.67%	223 -32.42%	374 -40.63%
2007	300 -18.26%	330 +46.67%	630 +6.42%
2006	367 +16.14%	225 +10.29%	592 +13.85%
2005	316 +4.98%	204 -27.92%	520 -10.96%
2004	301 +65.38%	283 +154.95%	584 +99.32%
2003	182	111	293

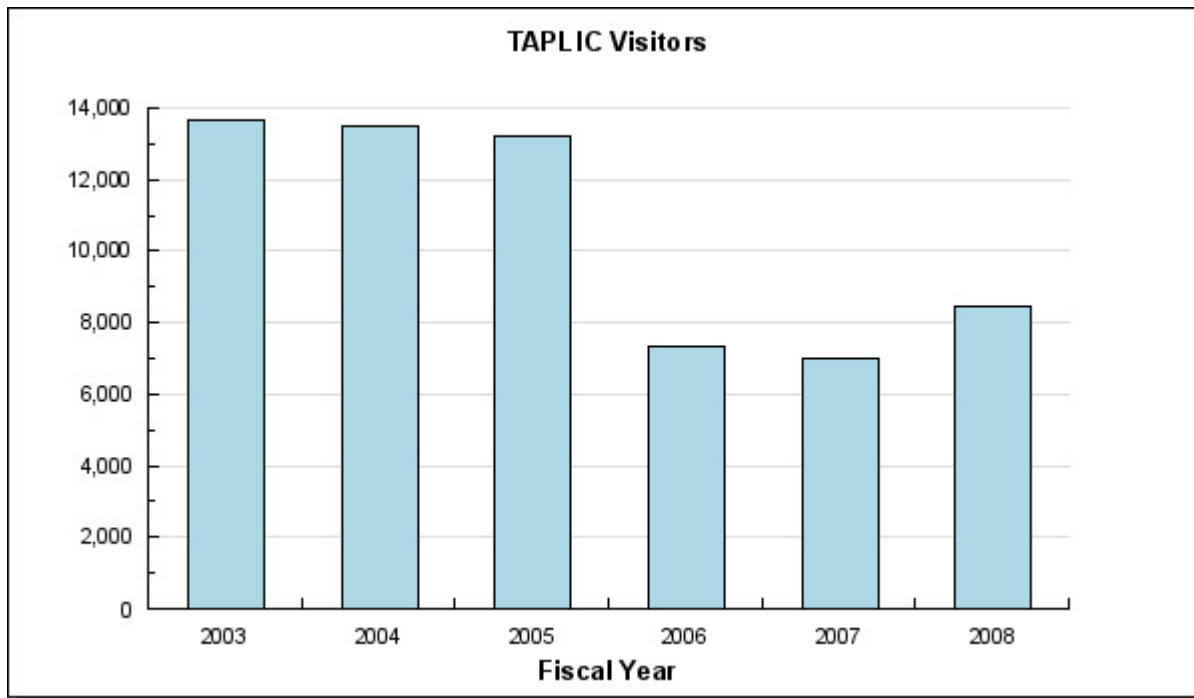
Analysis of results and challenges: The total number of students who completed AlaskaHost training decreased overall by 41% from 630 in 2007 to 374 in 2008. The decrease includes a 50% decrease in the number of students who completed AlaskaHost training in communities in Anchorage, Fairbanks and Juneau and a 32% decrease in students outside these communities (from 330 in 2007 to 223 in 2008).

The decrease is primarily due to limited funding available to conduct AlaskaHost training and less exposure for the program. These reductions were a result of the Economic Development Administration, U.S. Department of Commerce ending its support for rural tourism development in June 2007. New funding for rural tourism development became available again in August 2008 and it is expected to increase student participation in FY09.

A3: Strategy - Provide a visitor and welcome center on the Alaska Highway and enhance the economic benefits from visitors in Tok, through the Tok Alaska Public Lands Information Center (TAPLIC).

Target #1: Increase the number of highway travelers served at the Tok Alaska Public Lands Information Center (APLIC)

Status #1: Met objective of increasing the number of visitors served by the Alaska Public Lands Information Center. Visitors served increased by 21.1% from 6,974 in 2007 to 8,466 in 2008.



Methodology: TAPLIC: Tok Alaska Public Lands Information Center

TAPLIC Visitors

Fiscal Year	YTD Total
FY 2008	8,446 +21.11%
FY 2007	6,974 -5.3%
FY 2006	7,364 -44.24%
FY 2005	13,207 -2.33%
FY 2004	13,522 -1.02%
FY 2003	13,662

Analysis of results and challenges: The Tok APLIC is one of four centers that support the appropriate use and enjoyment of Alaska public lands and resources through "one-stop shopping" for public lands information, trip-planning assistance, highway, fire, and travel safety information. These interactive and fully accessible facilities are nationally recognized for providing consistent, high quality services at all four statewide locations. The Tok APLIC provides reservation and ticketing services for the Alaska Marine Highway System from a critical location on the Alaska Highway near the Canadian border.

FY 08:

- Visitors to the Tok Center – 8,446
- AMHS Deposits - \$171,634

A new Tok APLIC is under design and will be part of the US Fish and Wildlife Service's Tetlin National Wildlife Refuge Visitor Center in Tok. The new facility is expected to help in the effort to increase economic impact of visitors while in Alaska as well as increase their appreciation and enjoyment of the state while they are here. In FY08, the US Fish and Wildlife Service completed the purchase of a new site for the interagency facility.

A4: Strategy - Conduct research at consistent intervals to determine economic impact of the visitor industry at state and regional levels.

Target #1: Increased economic contribution of all travel and tourism expenditures in Alaska.

Status #1: No new economic impact data is available. Tourism spending is estimated to have increased by 6.67% between Summer 2006 and Summer 2007 so economic impact is expected to have increased accordingly.

Economic Contribution of Travel and Tourism in Alaska (billions of dollars)

Year	YTD Total
2007	NA
2006	NA
2002	1.5

Analysis of results and challenges: Funding for a tourism economic impact study was approved for FY09. New data will be available to update this measure at the end of FY09.

Travel and tourism's economic contribution in Alaska reached \$1.5 billion in 2002. This amount (sales net related imports into the state) contributed 5.2% to Alaska Gross State Product (GSP) and includes direct and indirect effects of all travel and tourism expenditures, but not induced (multiplier effects).

Traditionally, the Department of Commerce is the primary provider of Alaska visitor statistics and economic impact studies for government and private sector use and planning. Every four years, the Department of Commerce conducts the Alaska Visitor Statistics Program (AVSP) to gather important information on Alaska visitor characteristics, expenditures and opinions. Following the initial survey, Commerce uses the data to measure the economic impact of these visitors to the state and regional economies.

Target #2: Increased employment resulting from travel and tourism expenditures in Alaska.

Status #2: No new economic impact data is available to identify specific increases in tourism employment related to travel and tourism expenditures in Alaska. However, since we estimate that tourism spending has increased by 6.67% between Summer 2006 and Summer 2007, economic impact is expected to have increased accordingly.

Travel and Tourism-Related Employment

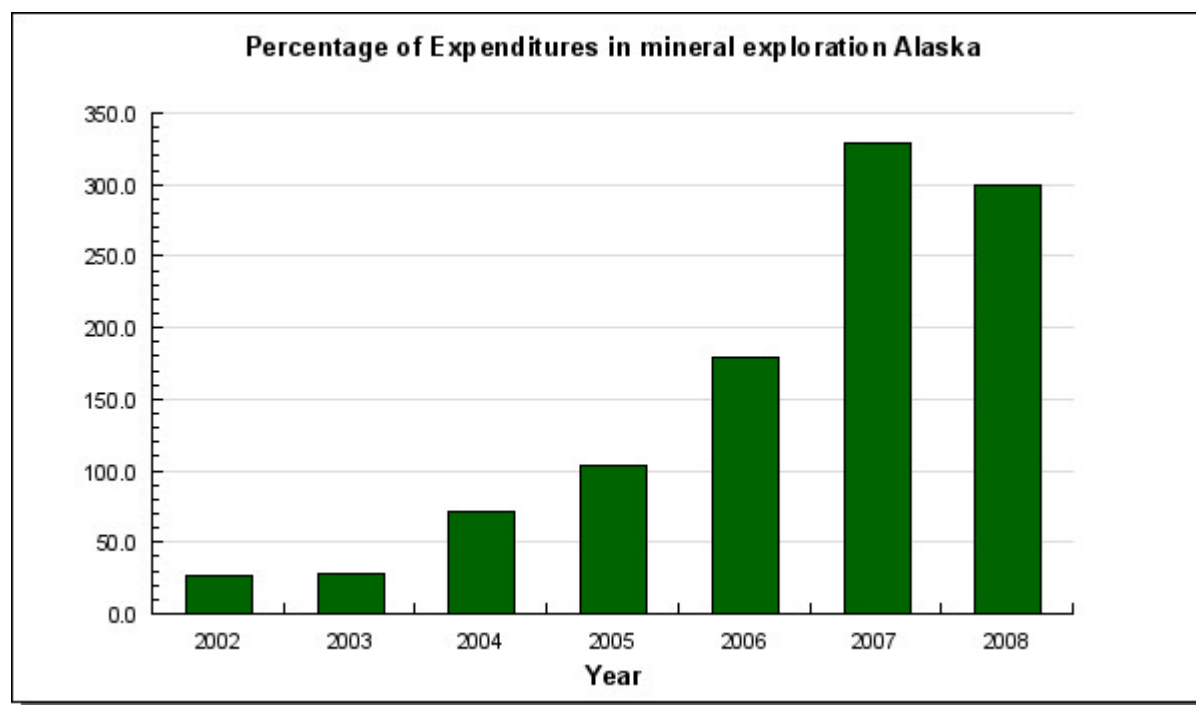
Year	YTD Total
2007	NA
2006	NA
2002	37,650

Analysis of results and challenges: Funding for a tourism economic impact study was approved for FY09. New data will be available to update this measure later in FY09.

B: Result - Increase the value of the minerals industry in Alaska.

Target #1: 10% annual increase in statewide mineral exploration spending.

Status #1: Met target of increasing statewide mineral exploration spending by 10% annually, with an 83.96% increase in mineral exploration spending between 2006 and 2007; spending is forecast to decrease slightly between 2007 and 2008; the actual numbers will not be determined until mid-2009.



Methodology: 2008 data is projected.

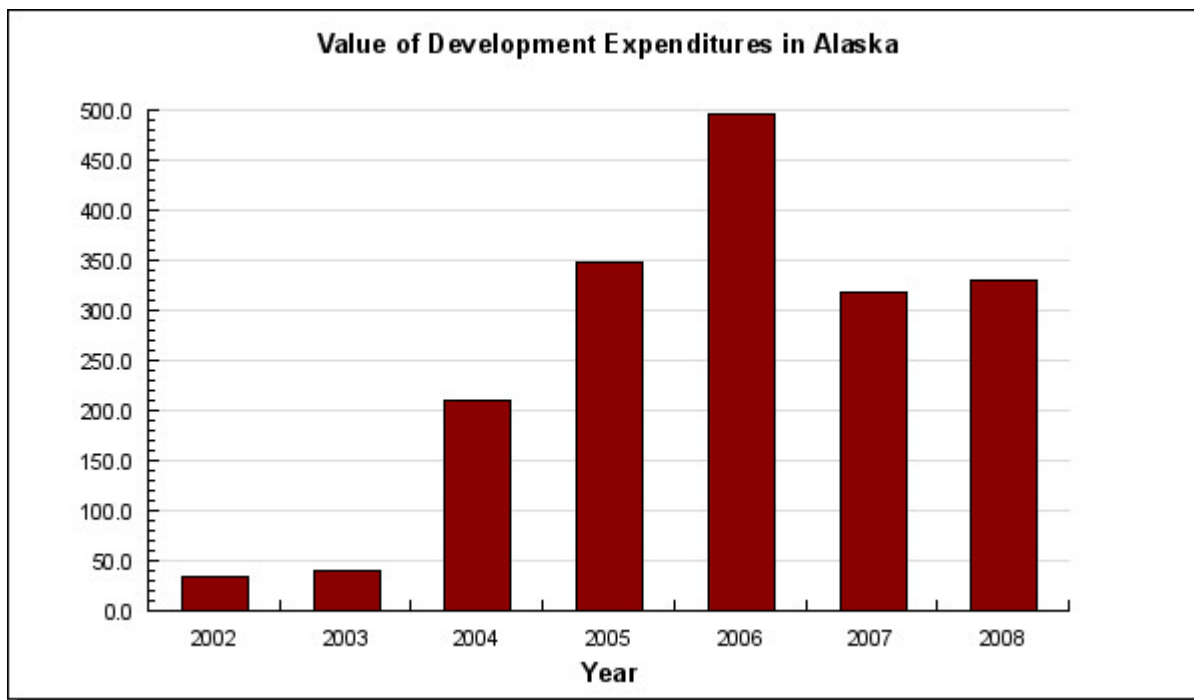
Percentage of Expenditures in mineral exploration Alaska

Year	In Millions	% Increase
2008	300	(8.84%)
2007	329.1	83.96%
2006	178.9	72.2%
2005	103.9	46.75
2004	70.8	156.52%
2003	27.6	4.15%
2002	26.5	0

Analysis of results and challenges: The increase in mineral exploration investment has far surpassed the target from 2006 to 2007. The increase was 83.96%. The increase reflects the pro-development philosophy of the state, the recognition of the very high mineral potential of the state, and increases in metal prices. Public education relative to the importance of the mining industry in Alaska is of paramount importance. The forecast for 2008 indicates a slight decrease due to declines in mineral commodity demand and prices.

Target #2: 10% annual increase in statewide mineral development expenditures.

Status #2: Did not meet target of increasing statewide mineral development expenditures by 10% annually, with a 35.69% decrease in minerals development expenditures between 2006 and 2007. The decrease is primarily the result of project completion and a lack of progress on existing project construction. The value is expected to increase between 2007 and 2008 by 3.67%.



Methodology: 2008 data is projected; 2002-2007 data are actual expenditures.

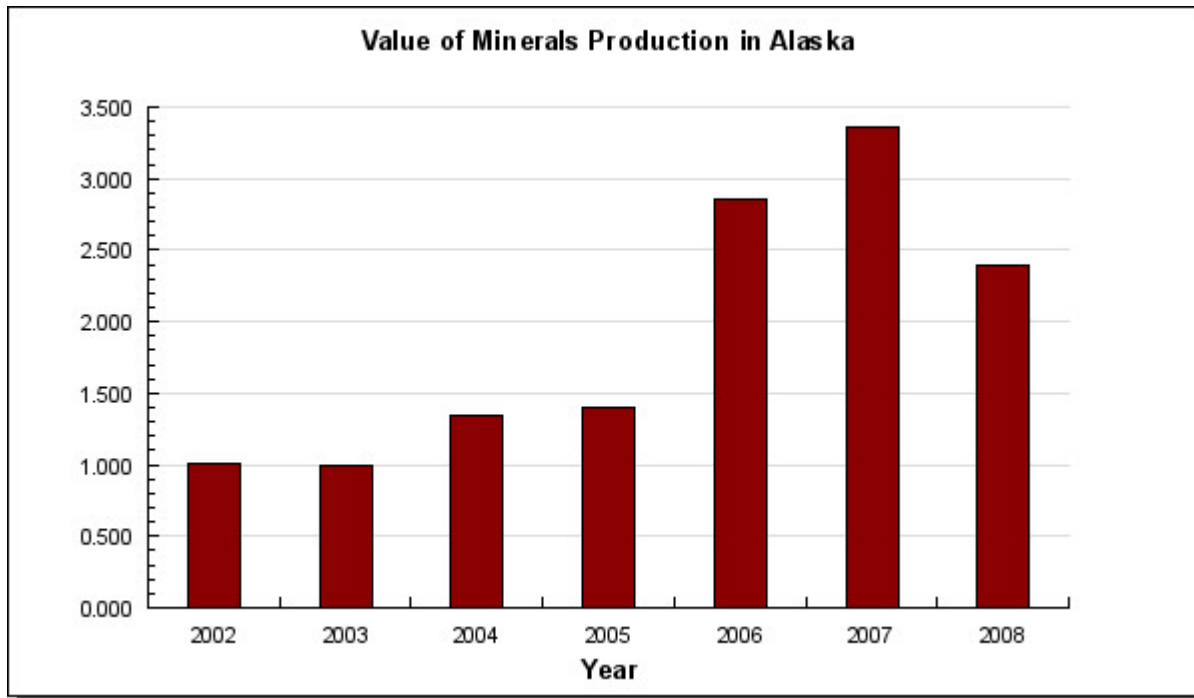
Value of Development Expenditures in Alaska

Year	Millions \$\$	% Increase
2008	330.5	3.67%
2007	318.8	-35.7%
2006	495.7	42.5%
2005	347.9	66.4%
2004	209.1	433.42%
2003	39.2	14.96%
2002	34.1	0

Analysis of results and challenges: Development investment decreased between 2006 and 2007 due to the completion of the Pogo, the near-completion of the Kensington mine, and the completion of construction at Nixon Fork. Development expenditures continued to be strong in spite of this reduction. NovaGold Resources continued construction at Rock Creek. Legal challenges continue to delay construction efforts at Kensington and Chuitna Coal deleted end of sentence. For 2008, the value of development is to increase slightly due to continued construction of the heap leach at Ft. Knox, construction expenditures at Rock Creek (Nome), project work at Red Dog and the Kensington construction effort. Other project expenditures are expected but are minimal due to legal challenges, lower commodity prices, delays due to permitting requirement fulfillment, and other challenges.

Target #3: 10% annual increase in statewide mineral production value.

Status #3: Met target of increasing statewide mineral production value by 10% annually, with an 17.8% increase in minerals production value between 2006 and 2007. The value is forecast to decrease between 2007 and 2008 by 28.86%.



Methodology: 2008 data is projected.

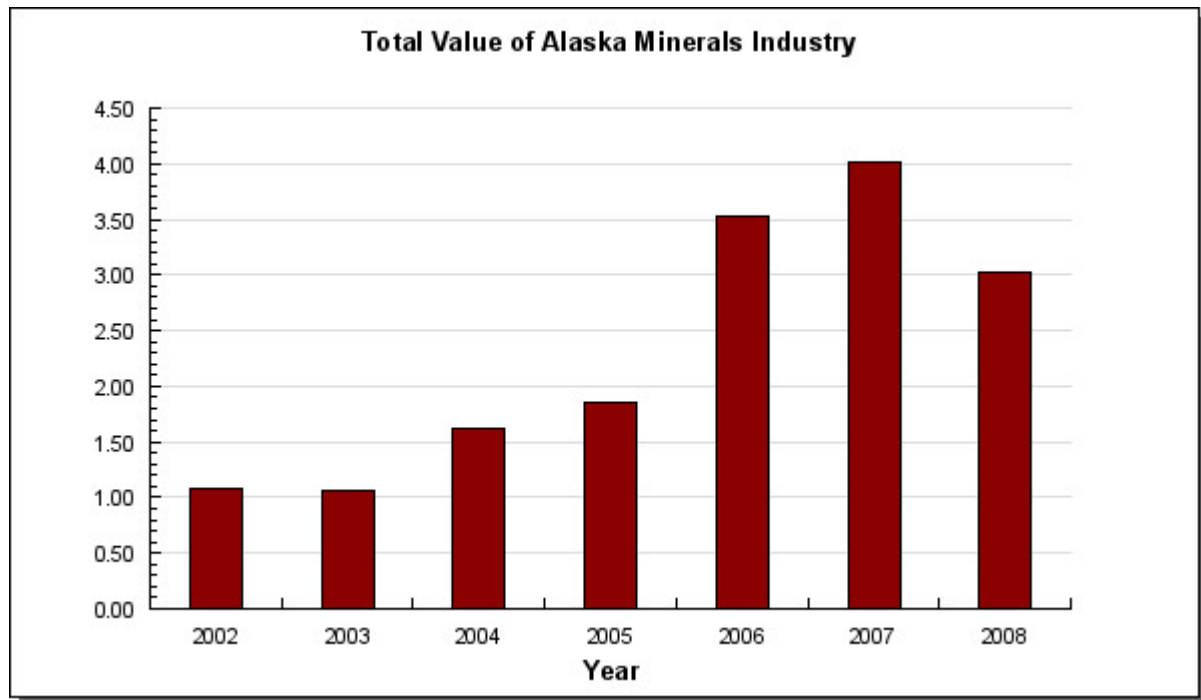
Value of Minerals Production in Alaska

Year	In Billions	% Increase
2008	2.395 -28.87%	-28.86%
2007	3.367 +17.81%	17.80%
2006	2.858 +103.91%	103.92%
2005	1.4016 +4.7%	4.70%
2004	1.3387 +33.78%	33.87%
2003	1.0007 -1.21%	-1.19%
2002	1.013	0

Analysis of results and challenges: Mineral production values increased 17.80% between 2006 and 2007. This increase is very encouraging, but reflects a deceleration in rate of increase from the period 2005 to 2006. Pogo was commissioned during the year, but has not achieved full production. Nixon Fork was shelved during the 2007 due to high costs and ore reserve problems. The value of production in 2008 is forecast to decrease significantly due to lower commodity prices and the start, then closure, of the Rock Creek operation. Delays in the commissioning of Kensington and achievement of full production at Pogo also decreased the forecasted value.

Target #4: 10% annual increase in total value of the Alaska minerals industry.

Status #4: Statewide mineral production value increased 13.65% from 2006 to 2007, exceeding the 10% target with a \$4.0 billion value of the Alaska minerals industry for 2007.



Methodology: 2008 data is projected.

Total Value of Alaska Minerals Industry

Year	Billions \$\$	% Increase
2008	3.03	-24.6%
2007	4.01	13.65%
2006	3.533	90.6%
2005	1.8534	14.51%
2004	1.62	51.64%
2003	1.0674	-.55%
2002	1.0734	0

Analysis of results and challenges: The improvement in actual value between 2006 and 2007 was \$477.0 million, 13.65% over the 2006 value. The average increase in value between 2002 and 2007 has been 56.77% per year, primarily reflecting significant commodity price improvements, but also the development and commissioning of new mines in the state. The forecast for the industry indicates that the overall value will decrease in 2008 and for an indeterminate period due to the following factors: economic worldwide uncertainty, a resulting drop in commodity demand and prices, and the wait while new projects such as Kensington, Donlin Creek, Chuitna Coal, Point Lay Coal, and Pebble are brought to the development and/or production stages. The overall value is forecast to decrease by 24.64% to \$3.03 billion between 2007 and 2008.

Challenges are presented to the state in overcoming high profile negative public sentiment, shortage of skilled personnel, and a lack of infrastructure.

B1: Strategy - Be a strong advocate for minerals resource development.

Target #1: Maintain and improve trade show participation, and improve information products for the public.

Status #1: Actual participation was at four trade shows in FY 2008 with one more forecast for FY 2009.

Number of Trade Show Participation

Fiscal Year	YTD Total	Target
FY 2009	3 -40%	5 -16.67%
FY 2008	5 -16.67%	6 0%
FY 2007	6 0%	6 0%
FY 2006	6 0%	6 0%
FY 2005	6 +100%	6 +100%
FY 2004	3	3

Analysis of results and challenges: Five (5) trade shows were attended in FY 2008. Three trade shows have been attended to date for FY09, followed by two more for the balance of the year.

Target #2: Publish two mining industry analysis reports each calendar year.

Status #2: On track to meet target of publishing two mining industry analysis reports each calendar year. The preliminary and final Alaska Minerals Industry Reports for 2007 have been published as of December, 2008. The Alaska Minerals Commission Report will be published in January, 2009.

Analysis of results and challenges: The publication of the Minerals Industry Report was accomplished on schedule. The most significant challenge to publication of the report is acquiring complete, accurate and timely data from miners and mining companies doing business in the state.

Target #3: Improve the image of the minerals industry within the public sector in Alaska.

Status #3: Met target of improving the image of the minerals industry by providing information, delivering presentations and participating in workforce and educational development efforts in FY08.

Analysis of results and challenges: When invited, continued to provide informational presentations to organized groups. Also, distributed informational CDs; participated in College of Engineering and Mines Advisory and Development Council; appointed to and participated in Statewide Joint Engineering Council for the University of Alaska; and developed and submitted a proposal for public education.

C: Result - Economic return to the Alaska seafood industry from commercially harvested seafood is increased.

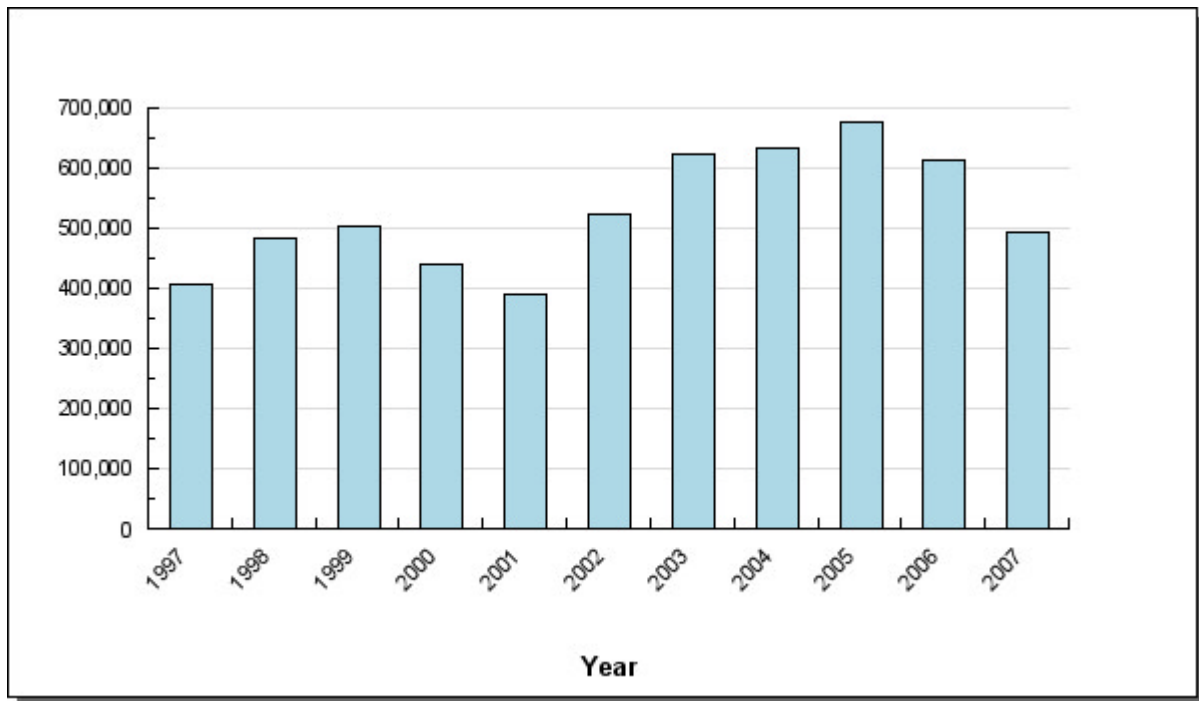
Target #1: By end of FY09, increase the number of Regional Seafood Development Associations (RSDAs) by 20%.

Status #1: Current number of RSDAs is four. On target to meet goal of increasing number of RSDAs by 20% by close of FY09.

Analysis of results and challenges: RSDAs were the result of intensive industry and governmental meetings and planning sessions aimed at improving regional seafood marketing opportunities to directly benefit those regions. A total of 12 RSDAs can be created and there are currently 4: Bristol Bay RSDA; Prince William Sound/Copper River RSDA; Rainforest Wild in Southeast; and Aleutia in Alaska Peninsula and Aleutian Islands. Coordinating with interested parties from the regions and meeting the requirements of the legislation aimed at bringing these groups into existence is a major focus of this section.

Target #2: Increase the value of the coastal mariculture industry to at least \$500,000 by close of FY09.

Status #2: Data is being updated to reflect changes since FY2007 and will be available at the end of FY2009. It is expected that the industry will be progressing toward the target.



Methodology: Source: Alaska Department of Fish and Game, Division of Commercial Fisheries

Year	YTD Total
2007	493,458 -19.63%
2006	614,000 -9.18%
2005	676,045 +6.54%
2004	634,522 +1.59%
2003	624,574 +19.41%
2002	523,060 +33.6%
2001	391,526 -10.84%
2000	439,120 -12.91%
1999	504,226 +4.28%
1998	483,534 +18.9%
1997	406,672

Analysis of results and challenges: In 2007, the total farm gate value of mariculture farms was \$493,598 compared to \$614,000 in 2006. While total farm gate value has been declining the past two years since reaching a high of \$676,045 in 2005, it is considered a short term effect and will begin to turn around in the near term as more product matures to marketable size. Industry analysts expect production to triple over the next ten years, adding that constantly improving grow-out methods, combined with aggressive marketing, should result in price increases for these products.

C1: Strategy - Facilitate economic activities in rural communities.

Target #1: Meet with four Regional Seafood Development Associations (RSDAs) and two Alaska Regional Development Organizations (ARDORs) annually.

Status #1: Met target of meeting with four Regional Seafood Development Associations (RSDAs) and two Alaska Regional Development Organizations (ARDORs) annually.

Analysis of results and challenges: These meetings proved to be helpful in documenting the current challenges facing the fishing industry in rural communities. The Division is presently involved in several activities aimed at reducing the impacts to the industry by helping to identify federal grant monies, prioritizing transportation projects and communicating about available funds for energy efficiency outcomes.

C2: Strategy - Strengthen the decision-making base of information and materials aimed at providing timely, accurate commercial fisheries resources information.

Target #1: Research and write annual reports describing the economic impacts and benefits of the Alaska seafood industry.

Status #1: Met target to research and write annual reports describing economic impacts of seafood industry in the 2007 Alaska Economic Performance Report. (Report published November 2008)

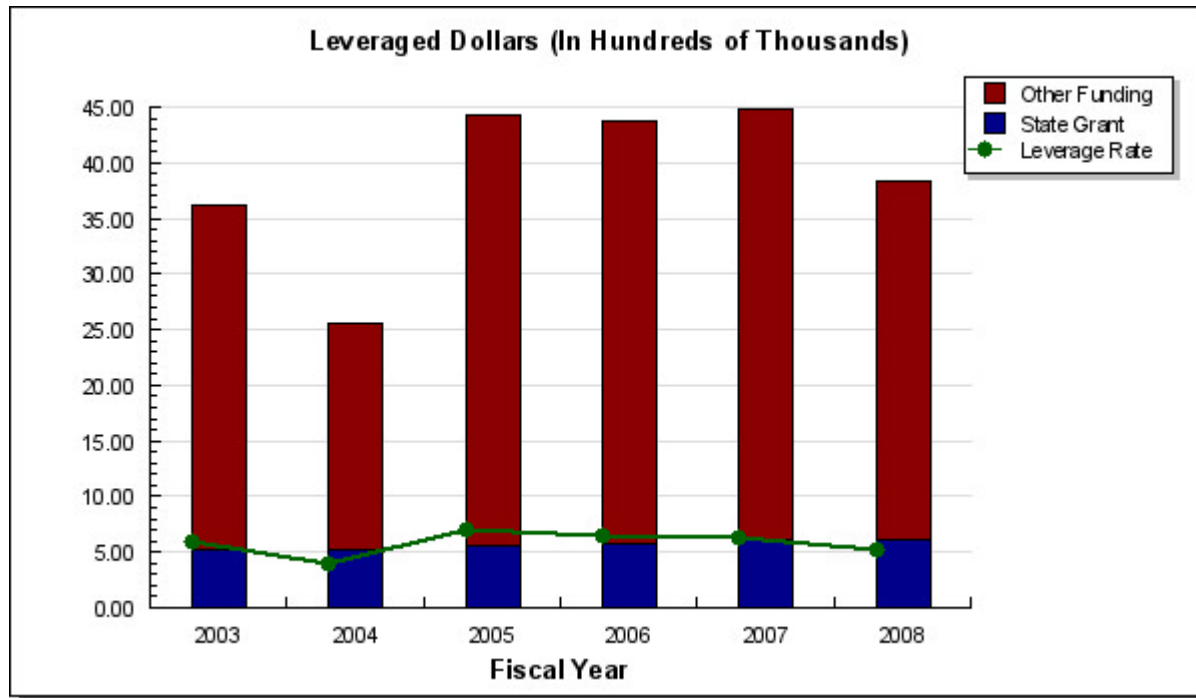
Analysis of results and challenges: In 2007, commercial fishing revenues paid to the state increased to approximately \$70 million, up three percent over the previous year's annual total. This increase is due in part to changes in the taxing structure or rates, but especially reflects the increased demand for Alaska seafood. Alaska's commercial fisheries continue to improve in value under a sustainable management program. Total 2007 Alaska seafood earnings are among the highest in recent years, while seafood exports totaling \$1.98 billion account for over half of Alaska's total 2007 export value. The total seafood harvested in 2007 worth \$1.2 billion to commercial fishermen and \$3.6 billion to seafood processors is just slightly above the 2006 ex-vessel and first wholesale harvest values of \$1.1 billion and \$3.4 billion respectively, and the highest value received for both sectors since 1999.

Approximately 55% of this value occurred in the whitefish fishery. The state manages groundfish harvests inside the three-mile limit in close coordination with federal managers to insure the health of these high value migratory stocks. This management relationship extends to local communities, the Alaska Board of Fisheries, and the seafood industry. The abundant pollock and cod stocks in the Exclusive Economic Zone (EEZ) located outside Alaska's three-mile jurisdictional limits are managed by the National Oceanic and Atmospheric Administration (NOAA) and account for approximately 30-40% of groundfish harvest value. The 2007 first wholesale value for the ground-fish industry was \$2 billion, essentially unchanged from 2006 and accounts for 56% of total first wholesale Alaska seafood value.

D: Result - Alaska Regional Development Organizations (ARDORS) will be more effective in creating and sustaining economic activity within their respective regions.

Target #1: The average rate of leveraged local dollars to State dollars is 4.0

Status #1: With a statewide actual leveraged rate of 5.17 of local dollars to state dollars, the ARDORS program exceeded the target of a 4.0 leverage rate.



Leveraged Dollars (In Hundreds of Thousands)

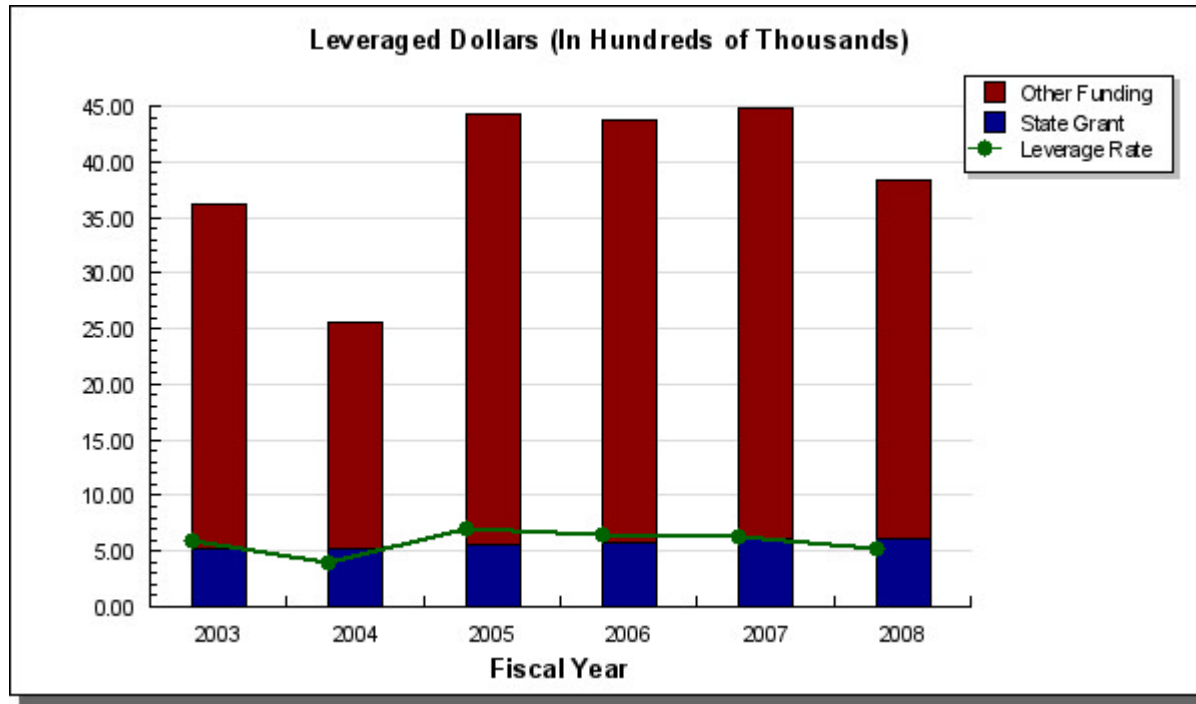
Fiscal Year	State Grant	Other Funding	Leverage Rate
FY 2008	\$6.19995	\$32.06903	5.17 -17.01%
FY 2007	\$6.19995	\$38.59601	6.23 -4.01%
FY 2006	\$5.83816	\$37.86936	6.49 -7.42%
FY 2005	\$5.53224	\$38.76867	7.01 +80.67%
FY 2004	\$5.2473	\$20.34537	3.88 -34.46%
FY 2003	\$5.22990	\$30.95474	5.92

Analysis of results and challenges: Because the ARDORS are local organizations, local businesses and governments can more accurately assess the impact an ARDOR may have in creating and sustaining economic activity within their respective regions. If the ARDOR is deemed successful, businesses and governments are more likely to fund the ARDOR. However, the drop in local support between FY07 and FY08 may be an indicator of the retrenching of the economy, not necessarily a failure of the program.

D1: Strategy - Increase the average rate of leveraged local dollars to State dollars.

Target #1: The average rate of leveraged local dollars to State dollars is 4.0

Status #1: With a statewide actual leveraged rate of 5.17 of local dollars to state dollars, the ARDORS program exceeded the target of a 4.0 leverage rate.

**Leveraged Dollars (In Hundreds of Thousands)**

Fiscal Year	State Grant	Other Funding	Leverage Rate
FY 2008	\$6.19995	\$32.06903	5.17 -17.01%
FY 2007	\$6.19995	\$38.59601	6.23 -4.01%
FY 2006	\$5.83816	\$37.86936	6.49 -7.42%
FY 2005	\$5.53224	\$38.76867	7.01 +80.67%
FY 2004	\$5.2473	\$20.34537	3.88 -34.46%
FY 2003	\$5.22990	\$30.95474	5.92

Analysis of results and challenges: Because the ARDORS are local organizations, local businesses and governments can more accurately assess the impact an ARDOR may have in creating and sustaining economic activity within their respective regions. If the ARDOR is deemed successful, businesses and governments are more likely to fund the ARDOR. However, the drop in local support between FY07 and FY08 may be an indicator of the retrenching of the economy, not necessarily a failure of the program.

E: Result - Increased economic benefits from sale of Alaska manufactured products.

Target #1: Increased number of jobs resulting from the sale of Made in Alaska manufactured products.

Status #1: It is difficult to determine the number of jobs the Made in Alaska program produces directly. The registration process for "Made in Alaska" manufacturers and vendors is being changed. The new process should provide data on value of product, number of products, and number of employees. Data will become available during Fiscal Year 2009.

Analysis of results and challenges: It is difficult to determine the number of jobs the Made in Alaska program produces directly. The best way to determine success may be to review the amount of vendors that participate annually in the program. What may also be of interest is the amount of participants that use this kind of support as a primary or secondary source of marketing to produce income.

E1: Strategy - Increased numbers of certified "Made in Alaska" products that are manufactured and/or made in Alaska.

Target #1: Increase the number of certified Made in Alaska vendors by 3% per year.

Status #1: Target of 3% per year growth in Made in Alaska vendors not met - as of August, 2008; there was a 1.14% increase in the number of certified Made in Alaska vendors.

Number of Certified Vendors

Year	# of Certified Vendors	% Increase
2008	1145 +1.15%	1.14%
2007	1132 +3.19%	3.19%
2006	1097	0

Analysis of results and challenges: Although the increase of vendors was small, the program still shows Alaskans are in favor of this type of marketing support from the State. The challenges continue to include identifying businesses that are not operated as hobbies and have the potential to grow, and helping Alaska small businesses with logistical problems that impede growth.

Target #2: Increase the number of Made in Alaska certified products manufactured per year.

Status #2: Data will be collected and reported during Fiscal Year 2009.

Analysis of results and challenges: The registration process for "Made in Alaska" manufacturers and vendors is being changed. The new provide data on value of product, number of products, and number of employees. Data will become available during Fiscal Year 2009.

Revenue Sharing Results Delivery Unit**Contribution to Department's Mission**

Provide financial assistance to local governments via federal and state funded revenue sharing programs.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$29,403,400

Personnel:

Full time 0

Part time 0

Total 0

Component: Payment in Lieu of Taxes (PILT)**Contribution to Department's Mission**

Provide financial assistance to local governments through the federally funded Payment in Lieu of Taxes program.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$10,100,000****Personnel:**

Full time	0
Part time	0
Total	0

Component: National Forest Receipts**Contribution to Department's Mission**

Provide financial assistance to eligible recipients through the federally funded National Forest Receipts program.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$15,703,400****Personnel:**

Full time	0
Part time	0
Total	0

Component: Fisheries Taxes**Contribution to Department's Mission**

Provide financial assistance to municipalities through the state funded Shared Fisheries Business Tax and Fisheries Resource Landing Tax programs.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$3,600,000****Personnel:**

Full time 0

Part time 0

Total 0

RDU/Component: Qualified Trade Association Contract*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Promote Alaska as a top visitor destination, communicating and promoting the tourism industry as one of the state's major economic forces.

Core Services

- Promote and facilitate travel to and throughout the State of Alaska.
- Provide a broad-based association of individuals and companies with an interest in the Alaska visitor industry.
- Increase awareness of the economic importance of the visitor industry.
- Work cooperatively with the state on tourism development and long-range planning.

End Result	Strategies to Achieve End Result
<p>A: Increase interest and awareness of Alaska as a travel destination.</p> <p><u>Target #1:</u> 2% increase the number of high-potential visitors to Alaska.</p> <p><u>Status #1:</u> Data for this target is collected periodically. The next time the data will be updated is 2010. At that point, the data will show if the number of high-potential visitors has increased by 2% per year over the 2006 numbers.</p> <p><u>Target #2:</u> 2% increase per year in domestic and international visitors between May 1 and September 30 annually.</p> <p><u>Status #2:</u> 30% growth in tourism visitors over five years, with a 5% increase 2006-2007</p>	<p>A1: Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors.</p> <p><u>Target #1:</u> Register maximum number of Alaska Media Road Show participants based on facility capacity for each year to allow more Alaska businesses to gain exposure with influential travel publications and broadcasters.</p> <p><u>Status #1:</u> Met target of 100% of maximum number of participants, with actual number of participants being 45 at Alaska Media Road Show in FY08.</p> <p>A2: Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance.</p> <p><u>Target #1:</u> 2% annual increase in the number of journalists assisted.</p> <p><u>Status #1:</u> Did not meet target of increasing number of journalists assisted in FY08 (500) compared to FY07 (525).</p> <p>A3: Distribute information to consumers via marketing brochures.</p> <p><u>Target #1:</u> 500,000 brochures distributed to potential Alaska visitors.</p> <p><u>Status #1:</u> Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 534,816 brochures in FY 2008</p> <p>A4: Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective</p>

	<p>media channels.</p> <p><u>Target #1:</u> Media selection converts to travel at a rate of 12% or higher.</p> <p><u>Status #1:</u> Exceeded target of converting potential visitors receiving or being exposed to select media at a rate of 12% or higher with a conversion rate of 15.59% in FY 2007.</p> <p>A5: Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail.</p> <p><u>Target #1:</u> 5% increase in TravelAlaska.com unique visitors.</p> <p><u>Status #1:</u> This target displayed for historical information only – a new tracking methodology is being used.</p>
End Result	Strategies to Achieve End Result
<p>B: The number of visitors to Alaska increases.</p> <p><u>Target #1:</u> 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30.</p> <p><u>Status #1:</u> Exceeded target of a 2% increase in the number of domestic summer visitors. Achieved a 5.4% increase during the period of 1 May and 30 September 2006 to 2007.</p>	<p>B1: Increase international visitors to Alaska from Japan and Germany.</p> <p><u>Target #1:</u> 2% increase in visitors from Japan.</p> <p><u>Status #1:</u> Exceeded target of increasing visitors from Japan by 2% with a 17% increase in visitors from Japan in FY08.</p> <p><u>Target #2:</u> 2% increase in annual visitors to Alaska from Germany.</p> <p><u>Status #2:</u> Exceeded target of increasing visitors from Germany by 2% with a 15% increase in annual visitors from Germany in FY08.</p> <p>B2: Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Alaska Certified Expert course.</p> <p><u>Target #1:</u> 150 annual graduates from the Alaska Certified Expert course.</p> <p><u>Status #1:</u> Exceeded objective of 150 graduates in Alaska Certified Expert course with 660 graduates of the course in FY08.</p>

Major Activities to Advance Strategies

- | | |
|--|--|
| <ul style="list-style-type: none"> • Distribute information to consumers via marketing brochures. • Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels. • Develop TravelAlaska.com as trip planning tool that will enhance (or replace) trip planning information distributed by mail. • Increase market exposure by increasing the number | <ul style="list-style-type: none"> • Host Alaska Media Road Show, Alaska's premiere media marketplace designed to connect Alaska business with influential travel writers and editors. • Conduct an annual media event in New York City so Alaska businesses and travel writers/editors can cultivate ideas for Alaska travel stories. • Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance. |
|--|--|

Major Activities to Advance Strategies

- of travel agents graduating from the Alaska Certified Expert (ACE) program.
- Increase market exposure by coordinating efforts at major trade shows.
- Conduct a trade marketing program in key international markets to increase the number of visitors and improve direct air service from overseas markets
- Conduct research on an ongoing basis to increase effectiveness of all marketing initiatives.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$9,000,000

Personnel:

Full time	0
Part time	0
Total	0

Performance

A: Result - Increase interest and awareness of Alaska as a travel destination.

Target #1: 2% increase the number of high-potential visitors to Alaska.

Status #1: Data for this target is collected periodically. The next time the data will be updated is 2010. At that point, the data will show if the number of high-potential visitors has increased by 2% per year over the 2006 numbers.

Number of High Potential Visitors (Millions)

Year	Actual	Target	Variance
2006	20.0	25.2	5.2
2000	22.5	22.5	0

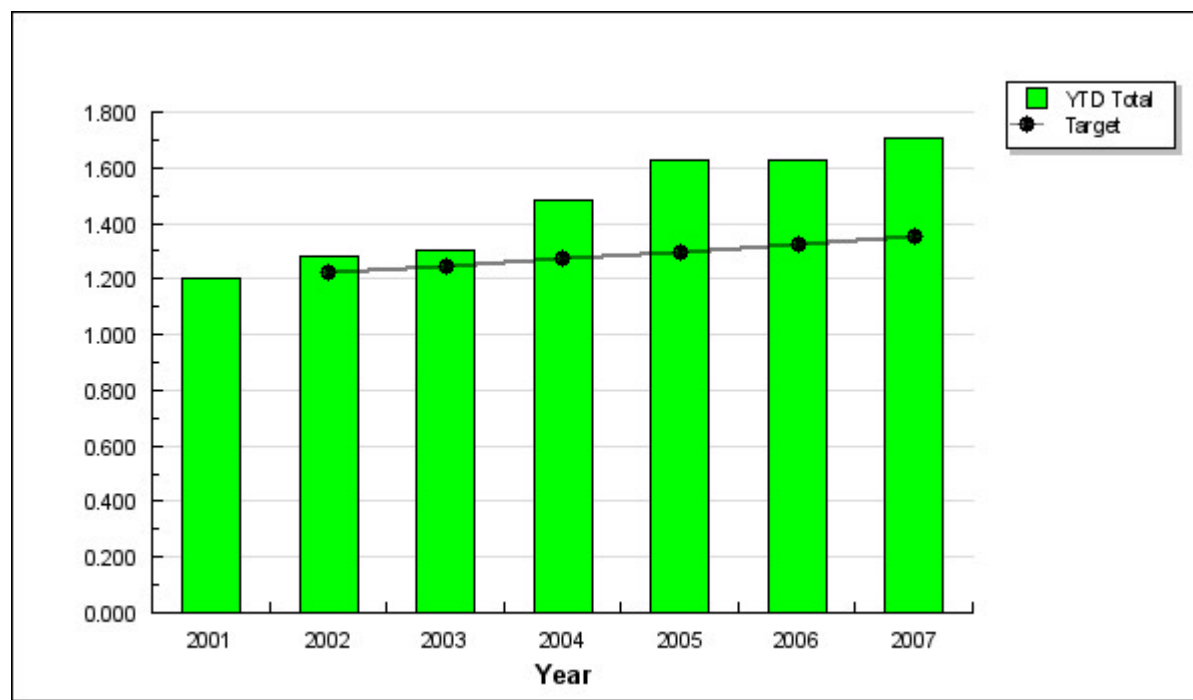
Analysis of results and challenges: The CY 2006 Images of Alaska study indicated that 20 million people, or 9% of all U.S. adults, are identified as high-potential prospective visitors (adults who state a high likelihood of visiting Alaska in the next 5-7 years).

Previously, the CY 2000 Images of Alaska study identified the size of the prospective/potential/high-potential Alaska visitor market. The study identified 22.5 million people, or 11% of all U.S. adults, as being high-potential prospective visitors.

ATIA is currently analyzing possible reasons for decline in high potentials. Discussions focus on national trends that indicate that people tend to take shorter vacations closer to home. Alaska marketing programs must continually address perceptions that Alaska is "too far away."

Target #2: 2% increase per year in domestic and international visitors between May 1 and September 30 annually.

Status #2: 30% growth in tourism visitors over five years, with a 5% increase 2006-2007



Methodology: The Alaska Visitor Statistics Program measures visitation between May to September of each of year. The last baseline study was conducted in 2006. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The 2001 study established that 91% of Alaska's visitors come during the Summer (May 1 through September 30). This table shows summer visitors from summers 2001 to 2006.

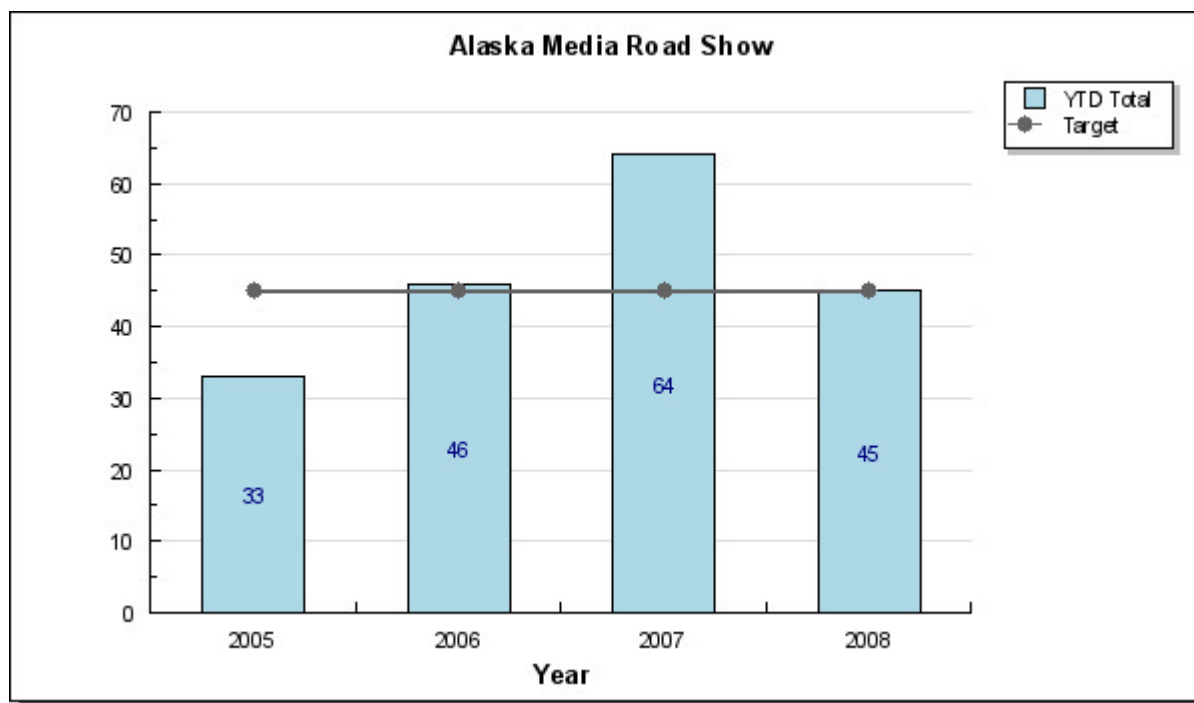
Year	YTD Total	Target
2007	1.71 +4.91%	1.351 +1.96%
2006	1.63 0%	1.325 +2%
2005	1.63 +10.14%	1.299 +2.04%
2004	1.48 +13.85%	1.273 +2%
2003	1.3 +1.56%	1.248 +1.96%
2002	1.28 +6.67%	1.224
2001	1.2	

Analysis of results and challenges: The 2007 Alaska Visitor Statistics Program (AVSP) estimates that 1.7 million out-of-state visitors came to Alaska between May and September, 2007 (5% increase in visitor volume from summer 2006). Of these, 1,029,800 were cruise ship passengers; 602,100 entered and exited the state by air; and 82,200 entered or exited the state by highway or ferry.

A1: Strategy - Host Alaska Media Road Show, Alaska's premiere media market place designed to connect Alaska business with influential travel writers and editors.

Target #1: Register maximum number of Alaska Media Road Show participants based on facility capacity for each year to allow more Alaska businesses to gain exposure with influential travel publications and broadcasters.

Status #1: Met target of 100% of maximum number of participants, with actual number of participants being 45 at Alaska Media Road Show in FY08.



Alaska Media Road Show

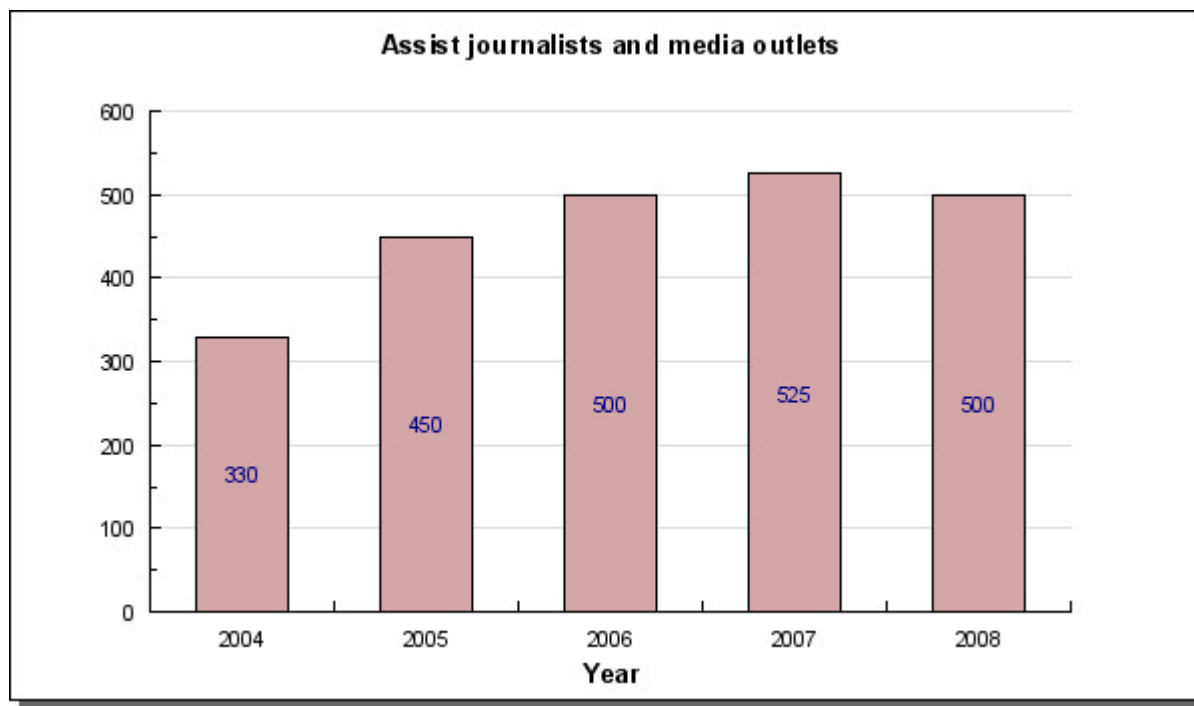
Year	YTD Total
2008	45
2007	64
2006	46
2005	33

Analysis of results and challenges: In FY08, ATIA staff and the public relations contractor hosted the sixth annual Alaska Media Road Show in Santa Barbara, matching members and community partners with 45 national travel writers to generate Alaska stories. The Alaska Media Road show is the flagship event of the public relations efforts and has proven to be an effective tool in reaching a variety of media. The FY08 road show was held in a smaller venue, thereby limiting the number of participants and returning participation to FY06 levels. Changing locations allows for a different mix (journalists and media organizations) of participants.

A2: Strategy - Assist journalists and media outlets by providing Alaska editorial suggestions, photography, fact checking and itinerary assistance.

Target #1: 2% annual increase in the number of journalists assisted.

Status #1: Did not meet target of increasing number of journalists assisted in FY08 (500) compared to FY07 (525).


Assist journalists and media outlets

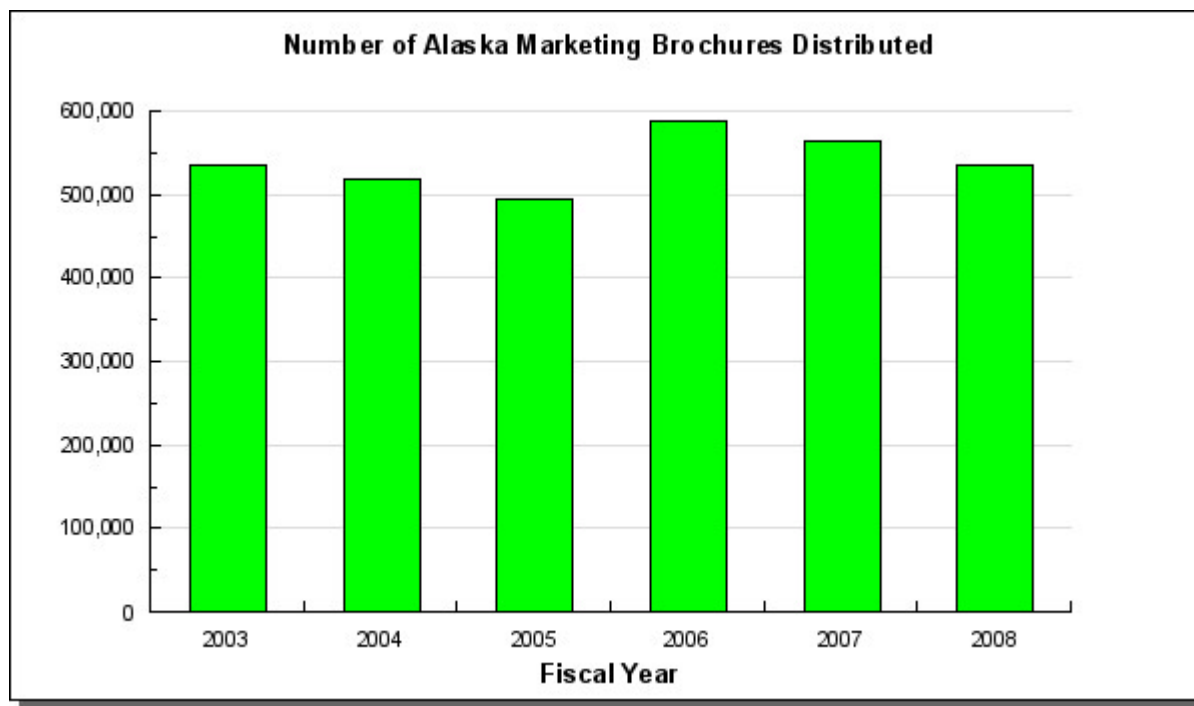
Year	YTD Total
2008	500 -4.76%
2007	525 +5%
2006	500 +11.11%
2005	450 +36.36%
2004	330

Analysis of results and challenges: In FY08 ATIA provided itinerary planning, b-roll duplication, fact checking, image fulfillment and editorial suggestions to roughly 500 domestic journalists and over 100 international media outlets. Assisting media results in very low cost exposure for Alaska especially in international markets that ATIA may not otherwise afford to reach. B-roll duplication is raw footage of Alaska images that ATIA has produced for commercials but can also be distributed for limited use by media and some film projects. These images help promote Alaska as a destination but distribution of these images occurs at a much reduced cost.

A3: Strategy - Distribute information to consumers via marketing brochures.

Target #1: 500,000 brochures distributed to potential Alaska visitors.

Status #1: Exceeded target of distributing 500,000 brochures to potential Alaska visitors by distributing 534,816 brochures in FY 2008



Number of Alaska Marketing Brochures Distributed

Fiscal Year	YTD Total
FY 2008	534,816 -4.99%
FY 2007	562,904 -4.44%
FY 2006	589,082 +18.95%
FY 2005	495,227 -4.52%
FY 2004	518,693 -3.24%
FY 2003	536,043

Analysis of results and challenges: The role of the Alaska Travel Industry Association (ATIA) consumer marketing programs is to find potential visitors throughout North America and provide them with compelling information about Alaska in an effort to convert their interest in Alaska to actual travel to the state. Aggressive direct response programs in FY08 allowed ATIA to reach millions of potential visitors and resulted in 534,816 qualified requests for Alaska travel information. Although the goal for the year was exceeded, the total number of brochures distributed to consumers responding to the marketing campaigns decreased slightly over the prior year.

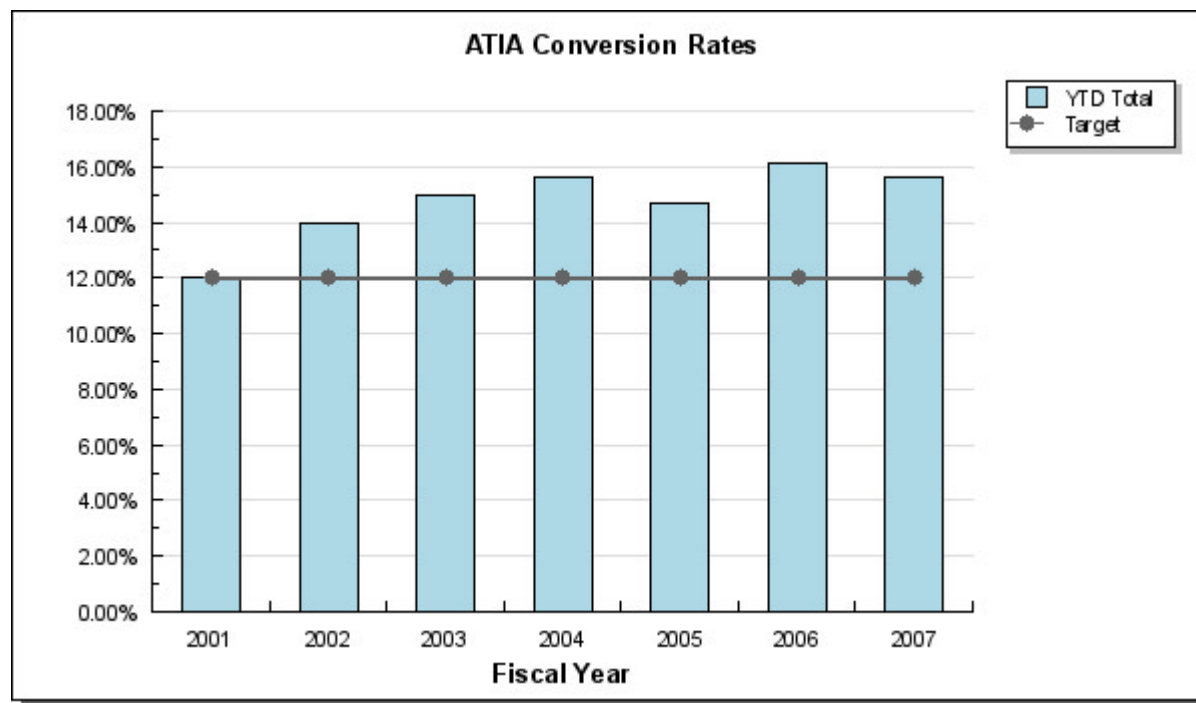
Each year, ATIA establishes a goal in regards to the number of marketing brochures distributed to potential visitors.

ATIA will continue to measure the number of brochures being sent each week, along with the total for the year, and share this information with the state and ATIA's member businesses. This is important data because it substantiates how effectively ATIA marketing programs deliver Alaska's message.

A4: Strategy - Conduct a consumer marketing program to include direct mail, television and magazine advertising campaigns using the most effective media channels.

Target #1: Media selection converts to travel at a rate of 12% or higher.

Status #1: Exceeded target of converting potential visitors receiving or being exposed to select media at a rate of 12% or higher with a conversion rate of 15.59% in FY 2007.



ATIA Conversion Rates

Fiscal Year	YTD Total	Target
FY 2007	15.59%	12%
FY 2006	16.11%	12%
FY 2005	14.7%	12%
FY 2004	15.6%	12%
FY 2003	15%	12%
FY 2002	14%	12%
FY 2001	12%	12%

Analysis of results and challenges: Understanding if and what types of advertising works is essential to forming a well crafted and cost efficient advertising program. Conversion rate is the industry term for the percentage of people who are recipients of various types of advertising and who actually buy the product, the product in this case being travel to Alaska.

The 2007 Alaska Conversion Study was conducted to measure the effectiveness and cost efficiency of selected advertising sources used in the 2006 Alaska Tourism Industry Association program. The overall 2007 conversion rate for all sources tested is 15.59%, which is slightly lower compared to 2006 (16.11%).

Conversion rates are highest in the West (17%), followed closely by the South (12%), East (11%) and the Midwest (10%).

The overall return on investment (including transportation costs) for all 2006 sources combined is \$137.2 per visitor, a small decrease compared to 2006 (\$168.19 per visitor).

The 2007 Alaska Conversion Study report became available in January 2008.

A5: Strategy - Develop TravelAlaska.com as trip planning tool for visitors that will enhance and in some cases replace trip planning information distributed by mail.

Target #1: 5% increase in TravelAlaska.com unique visitors.

Status #1: This target displayed for historical information only – a new tracking methodology is being used.

Unique Visitors to TravelAlaska.com

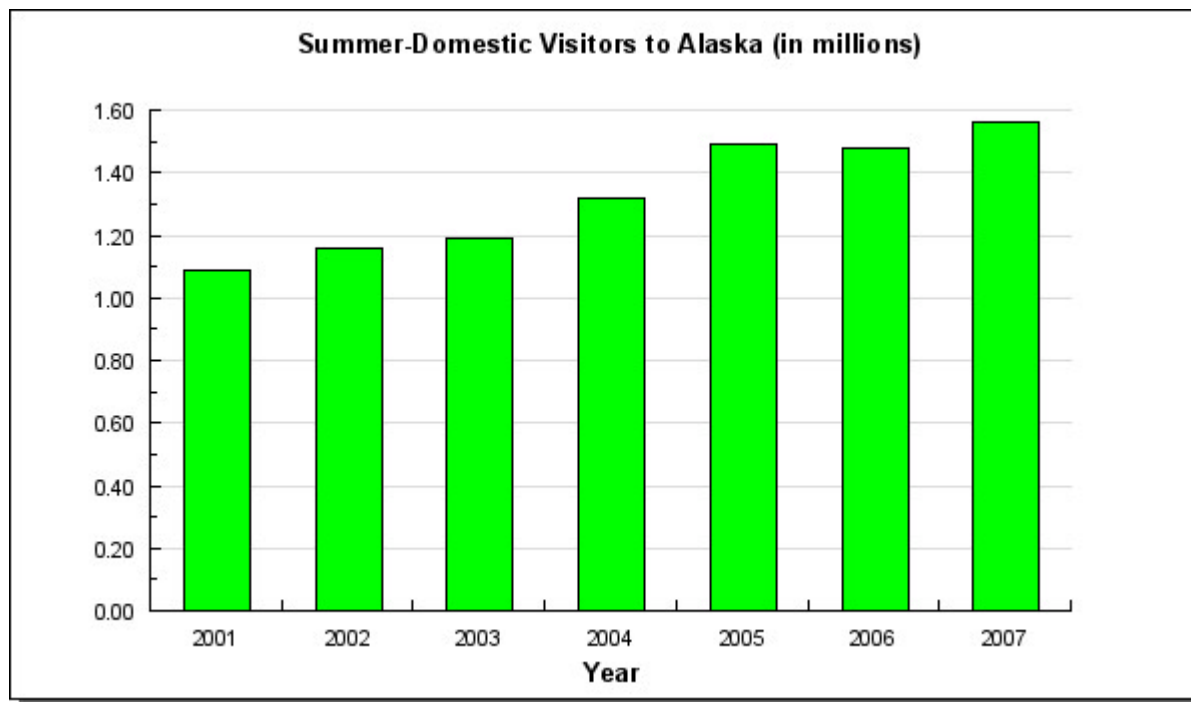
Fiscal Year	YTD Total
FY 2007	2,582,221 +26.34%
FY 2006	2,043,808 +36.76%
FY 2005	1,494,488 +2.99%
FY 2004	1,451,151 +70.54%
FY 2003	850,924

Analysis of results and challenges: ATIA tracks web site statistics throughout the year and shares the information with the marketing committee so their decisions can be based on relevant and reliable information.

B: Result - The number of visitors to Alaska increases.

Target #1: 2% annual increase in the number of domestic visitors to Alaska between May 1 and September 30.

Status #1: Exceeded target of a 2% increase in the number of domestic summer visitors. Achieved a 5.4% increase during the period of 1 May and 30 September 2006 to 2007.



Methodology: The Alaska Visitor Statistics Program measures visitation between October to September of each of year. Baseline studies were conducted in 2000-2001 and 2006-2007. Data in between baseline years is determined by applying ratios developed in the baseline year to actual arrival data from airports, U.S. customs, Alaska Marine Highway System, etc.

The 2006 study established that 91% of Alaska's visitors are domestic travelers and 9% are from overseas markets. The 2006-2007 AVSP is currently underway and results will be available in December 2007. Summer 2008 estimates will be available January 2009.

Summer-Domestic Visitors to Alaska (in millions)

Year	YTD Total
2007	1.56 +5.41%
2006	1.48 -0.67%
2005	1.49 +12.88%
2004	1.32 +10.92%
2003	1.19 +2.59%
2002	1.16 +6.42%
2001	1.09

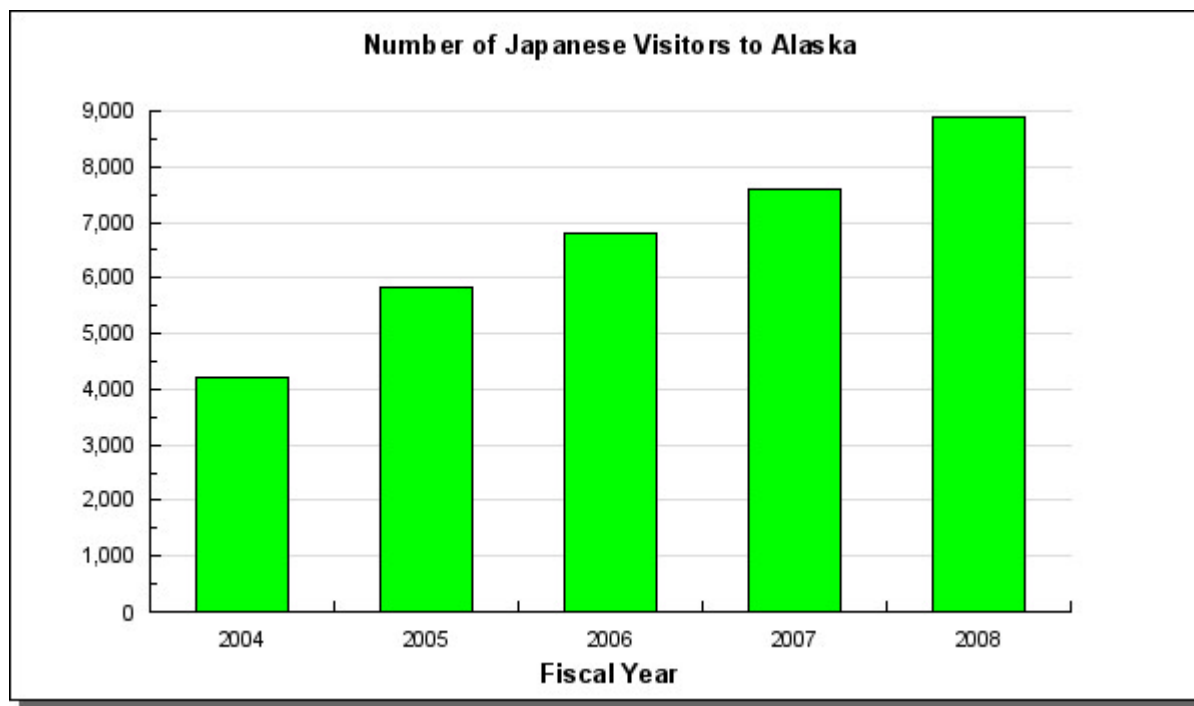
Analysis of results and challenges: The Alaska Visitor Statistics Program (AVSP) Summer 2006 report shows that 958,900 cruise ship passengers traveled to Alaska in 2006, a .6% increase over summer 2005.

Currently, we know that domestic visitors to Alaska increased about 7% between the summer 2005 visitor season (1.39 million domestic visitors) and the summer 2006 visitor season (1.48 million domestic visitors).

B1: Strategy - Increase international visitors to Alaska from Japan and Germany.

Target #1: 2% increase in visitors from Japan.

Status #1: Exceeded target of increasing visitors from Japan by 2% with a 17% increase in visitors from Japan in FY08.



Number of Japanese Visitors to Alaska

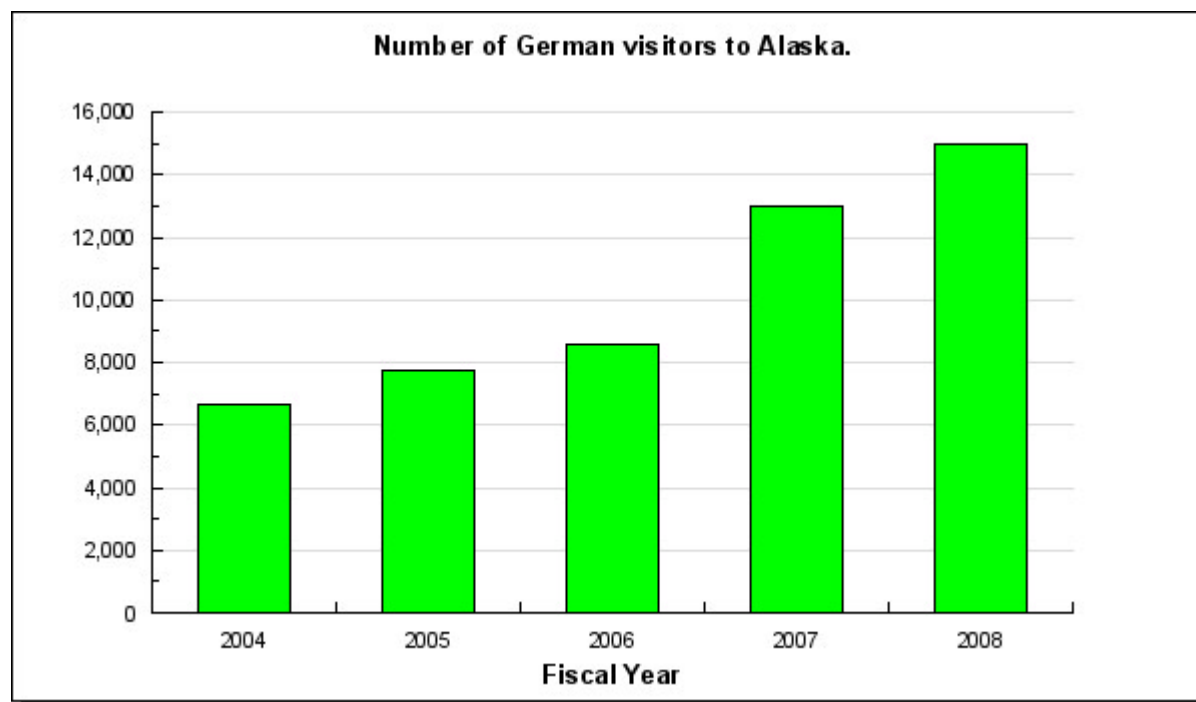
Fiscal Year	YTD Total
FY 2008	8,900 +17.11%
FY 2007	7,600 +11.76%
FY 2006	6,800 +16.24%
FY 2005	5,850 +39.29%
FY 2004	4,200

Analysis of results and challenges: Data above reflects the number of visitors from Japan who traveled via a direct flight. In FY06 that included 18 Japan Airlines (JAL) charters. JAL more than doubled the amount of winter charters which had a significant impact on visitation numbers and winter tourism to Alaska.

In FY06, ATIA commissioned a detailed study of international visitors in conjunction with the Alaska Visitor Statistics Program. Summer and winter visitation for the Japan market is estimated to be approximately 17,000 travelers. This higher number reflects the number of Japanese visitors who are traveling to Alaska by means other than Japan Airlines such as cruise ship or via a domestic gateway.

Target #2: 2% increase in annual visitors to Alaska from Germany.

Status #2: Exceeded target of increasing visitors from Germany by 2% with a 15% increase in annual visitors from Germany in FY08.



Number of German visitors to Alaska.

Fiscal Year	YTD Total
FY 2008	15,000 +15.38%
FY 2007	13,000 +51.71%
FY 2006	8,569 +10.98%
FY 2005	7,721 +15.88%
FY 2004	6,663

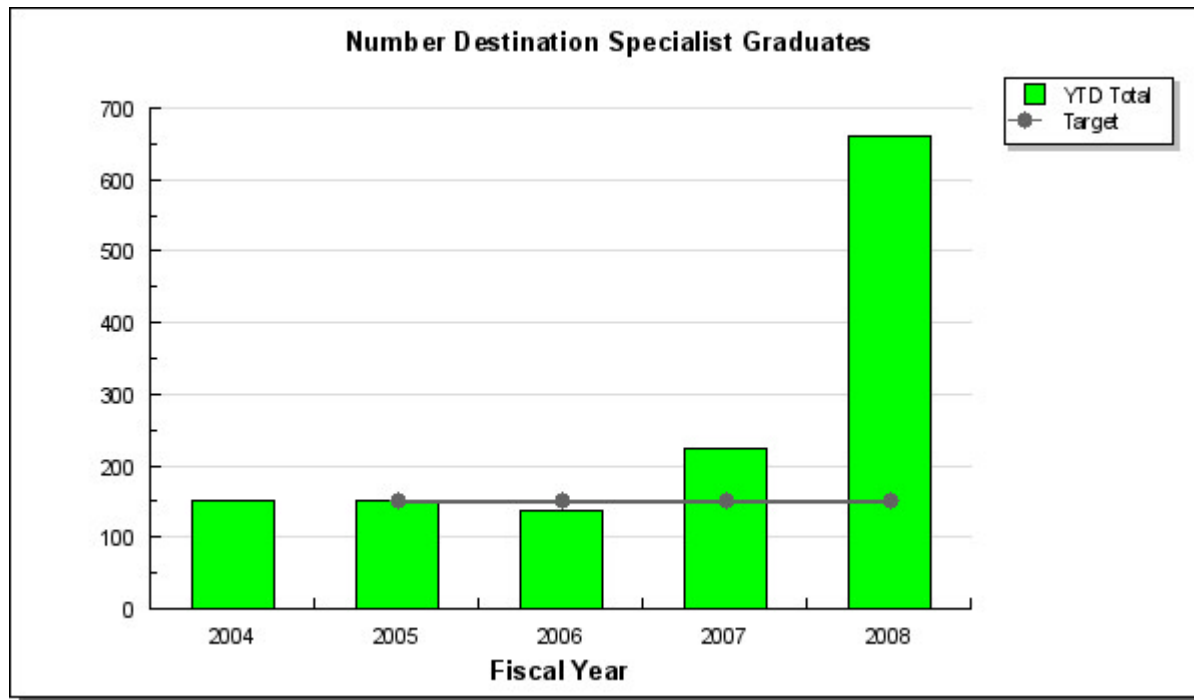
Analysis of results and challenges: Data above reflects the number of visitors who traveled directly to Alaska via Condor German Airlines summer charter flights. The program has been steadily growing every year and in FY06 Condor added an additional weekly direct flight to Alaska which increased the amount of visitors to the state from Germany.

However, results from the international report of AVSP estimate the market size from German-speaking Europe to Alaska in the summer of 2006 was close to 15,000 which reflects the additional travelers who arrived in Alaska by means other than Condor. This number is already outdated as the strength of the Euro against the U.S. dollar has significantly increased the number of visitors to Alaska from Europe.

B2: Strategy - Increase the number of North American travel trade selling Alaska by increasing the number of travel agents graduating from the Alaska Certified Expert course.

Target #1: 150 annual graduates from the Alaska Certified Expert course.

Status #1: Exceeded objective of 150 graduates in Alaska Certified Expert course with 660 graduates of the course in FY08.



Number Destination Specialist Graduates

Fiscal Year	YTD Total
FY 2008	660 +193.33%
FY 2007	225 +65.44%
FY 2006	136 -9.93%
FY 2005	151 +0.67%
FY 2004	150

Analysis of results and challenges: Destination Specialist graduates from the Travel Institute's training program decreased in FY06. ATIA designed its own specialist course for travel agents call the Alaska Certified Expert (ACE) and launched it in FY07. The program is a comprehensive training of how to package and sell Alaska including region and product information. The ACE program differs from the Travel Institute's program because it is free and is available online at www.TravelAlaska.com/trade. By making the training more interactive and accessible the ACE program has successfully produced more graduates.

RDU/Component: Investments

(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)

Contribution to Department's Mission

Promote economic development.

Provide interagency and interdepartmental loan servicing of other loan portfolios that increase operational efficiencies.

Protect the State's investments in the loan funds under administration and provide a return on capital when it does not impair program missions.

Core Services

- Provide direct state loan origination and servicing under six active loan programs: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development, Rural Development Initiative, Capstone Avionics and Self-Help Group Home.
- Provide servicing of loan portfolios owned by other state agencies.
- Protect the financial integrity of the loan funds under administration through loan servicing efforts and provide a return on capital to the state when appropriate.

End Result	Strategies to Achieve End Result
<p>A: Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.</p> <p><u>Target #1:</u> Eligible aircraft owners receive financing to purchase and install Capstone avionics equipment in 50 aircraft. <u>Status #1:</u> New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.</p> <p><u>Target #2:</u> Provide financing to Alaskan private non-profit aquaculture corporations to produce \$45 million in hatchery-reared salmon to Alaskan commercial fisheries annually. <u>Status #2:</u> Aquaculture development: \$65 million hatchery-reared salmon exceeding goal.</p> <p><u>Target #3:</u> Create or maintain 400 jobs annually in the Alaska commercial fishing industry. <u>Status #3:</u> Commercial fishing industry: Target of creating or maintaining 400 jobs in FY08 was not met, as total of jobs at fiscal year end was 361.</p> <p><u>Target #4:</u> Create or maintain 90 jobs in rural Alaska annually, as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans. <u>Status #4:</u> Rural Development Initiative Funds and Small</p>	<p>A1: Promote installation of Capstone Avionics equipment in Alaskan aircraft by disseminating information about the Capstone Avionics Loan Program (Capstone Program) and providing efficient processing of loan applications.</p> <p><u>Target #1:</u> Provide Capstone Program information to 300 persons involved in the Aviation Industry annually. <u>Status #1:</u> New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.</p> <p><u>Target #2:</u> Process Capstone Program loan applications in 25 days or less. <u>Status #2:</u> New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.</p> <p>A2: Increase financial services provided to Alaskan commercial fishing harvesters.</p> <p><u>Target #1:</u> Provide financial services to 750 commercial fishing harvesters annually. <u>Status #1:</u> Exceeded FY08 target of 750 harvesters receiving financial services, as 764 harvesters received those services during FY08. FY09's target remains at 750.</p> <p>A3: Promote development of predominately resident</p>

<p>Business Economic Development loans: With 117 jobs realized during FY08, the target of 90 jobs was exceeded.</p>	<p>fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.</p> <p><u>Target #1:</u> Maintain the number of permits held by Alaskans at 78% or greater. <u>Status #1:</u> Did not reach FY08 target of 78% of limited entry permits being held by Alaska residents as 77% were held in FY08.</p> <p>A4: Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.</p> <p><u>Target #1:</u> Generate twelve new Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans, originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA). <u>Status #1:</u> 12 loans were generated during FY08, meeting the new target.</p> <p>A5: Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.</p> <p><u>Target #1:</u> Process Fisheries Enhancement Revolving Loan Fund (FERLF) loan applications in eighteen days or less. <u>Status #1:</u> Actual processing time of 14 days was better than the target of 18 days for Fisheries Enhancement Revolving Loan Fund applications.</p>
End Result	Strategies to Achieve End Result
<p>B: Interagency and interdepartmental servicing of loan portfolios.</p> <p><u>Target #1:</u> Generate \$1.6 million or more annually in new loans. <u>Status #1:</u> New loans of \$1.8 million issued exceeding target of \$1.6 million.</p>	<p>B1: Provide prudent financial management of loan funds serviced for other agencies.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies, other than the Alaska Division of Investments, at 5% or less. <u>Status #1:</u> Exceeded expectations - FY08 actual delinquency rate of 1.9% was less than target of 5%.</p>
End Result	Strategies to Achieve End Result
<p>C: A return of capital to the state through financial management of loan funds.</p> <p><u>Target #1:</u> Generate \$4.5 million annually in net earned revenue that may be utilized to fund government operations. <u>Status #1:</u> Generated \$6 million in net earned revenue exceeding target of \$4 million.</p>	<p>C1: Generate capital excess to loan demand and operational needs to help fund government operations.</p> <p><u>Target #1:</u> Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 6% or less. <u>Status #1:</u> Exceeded expectations - FY08 actual delinquency rate of 1.7% was less than target of 6%.</p>

	<p>Target #2: Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund (CFRLF) at 8% or less.</p> <p>Status #2: Exceeded expectations - FY08 actual delinquency rate of 4.3% was less than target of 8%.</p>
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Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Promote program awareness through marketing/outreach efforts Loan origination Loan servicing Promote awareness of loan servicing capabilities Loan refinancing Loan modifications and workouts Loan collections Originate loans in rural areas that focus on job creation Increase the safety of air carrier, air taxi and general aviation in Alaska by providing low interest loans to purchase Capstone Avionics equipment 	<ul style="list-style-type: none"> Reduce search and rescue costs in Alaska by providing low interest loans to purchase and install Capstone Avionics equipment Pursue additional funding opportunities when appropriate Continue utilizing fisheries business assistance contract Continue public outreach efforts to rural Alaska Continue participation in the volunteer tax and loan program Participate in hatchery corporation board meetings Administer salmon enhancement tax distribution Provide loans to community quota entities

FY2010 Resources Allocated to Achieve Results							
FY2010 Component Budget: \$4,578,300	<p>Personnel:</p> <table> <tr> <td>Full time</td><td>44</td></tr> <tr> <td>Part time</td><td>0</td></tr> <tr> <td>Total</td><td>44</td></tr> </table>	Full time	44	Part time	0	Total	44
Full time	44						
Part time	0						
Total	44						

Performance

A: Result - Economic development through direct state lending in those industries and in those areas that are not adequately serviced by the private sector.

Target #1: Eligible aircraft owners receive financing to purchase and install Capstone avionics equipment in 50 aircraft.

Status #1: New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.

Analysis of results and challenges: The Capstone Avionics Loan Program (Capstone Program) was implemented July 1, 2008; therefore no data is available for this reporting period. The Capstone Program is a joint endeavor involving both federal and state government and private industry in an effort to improve aviation safety as well as enhancing economic efficiency in the State of Alaska. The Capstone Program provides low interest loans to aircraft owners that fly a substantial number of flight hours in Alaska so that they can purchase Capstone Avionics equipment. This equipment allows aircraft to interact with ground infrastructure and satellite stations to provide pilots with a whole package of real time data needed for safe flight. The Federal Aviation Administration (FAA) has committed to installing and maintaining the required ground infrastructure (approximately \$493 million) if a sufficient number of aircraft owners install the Capstone Avionics equipment. A pilot project demonstrated that aircraft equipped with Capstone Avionics were involved in 47% fewer accidents. The FAA estimated that the state could reap \$824 million in safety and community access benefits over the next 27 years as a result of this new technology.

Target #2: Provide financing to Alaskan private non-profit aquaculture corporations to produce \$45 million in hatchery-reared salmon to Alaskan commercial fisheries annually.

Status #2: Aquaculture development: \$65 million hatchery-reared salmon exceeding goal.

Total Value of Hatchery-Reared Salmon to Statewide Commercial Fisheries

Year	Hatchery Salmon Value
2007	\$65,109,000
2006	\$59,100,000
2005	\$39,300,000
2004	\$26,500,000
2003	\$39,900,000
2002	\$29,100,000
2001	\$44,300,000
2000	\$57,000,000
1999	\$46,800,000
1998	\$41,700,000

Methodology: Alaska Department of Fish & Game/Division of Commercial Fisheries/Bruce White, Fisheries Biologist. Data is Calendar Year.

Analysis of results and challenges: Salmon hatcheries provide a significant financial contribution to numerous coastal economies. The Alaska Division of Investments (ADI) provides the salmon aquaculture industry in Alaska with a source of low-cost capital through the Fisheries Enhancement Revolving Loan Fund (FERLF). This capital is specifically tailored by statute to meet the needs of this unique industry and is not available in the private sector. Measuring the amount of money generated annually as a result of salmon raised by FERLF participants is a good indicator of the program's effectiveness. The most recent information available from the Alaska Department of Fish & Game (ADF&G) Calendar Year 2007 (CY07), indicates a total market value of hatchery-reared salmon of \$65.1 million. The increase in CY07 is due to very strong fish returns in several different fisheries.

Target #3: Create or maintain 400 jobs annually in the Alaska commercial fishing industry.

Status #3: Commercial fishing industry: Target of creating or maintaining 400 jobs in FY08 was not met, as total of jobs at fiscal year end was 361.

Number of Jobs Created or Maintained Through Commercial Fishing Revolving Loans

Fiscal Year	Jobs Created/Maintained
FY 2008	361
FY 2007	357
FY 2006	400
FY 2005	603

Methodology: Jobs are tracked in the Division of Investments loans software system.

Analysis of results and challenges: Fewer extension requests reduced the number of jobs maintained. Maintaining local ownership of fishery resources, and the jobs associated with this ownership, is critically important to Alaska's economy. Lending activity results in the creation of new jobs and the maintenance of existing jobs for Alaska residents, in addition to providing a necessary source of capital to the commercial fishing industry. Maintaining employment levels is critical to Alaska's economy, particularly in rural areas of the state. The CFRLF plays a significant role in the rural economy, as commercial fishing is often the only viable economic activity.

Target #4: Create or maintain 90 jobs in rural Alaska annually, as a result of Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans.

Status #4: Rural Development Initiative Funds and Small Business Economic Development loans: With 117 jobs realized during FY08, the target of 90 jobs was exceeded.

Number of Jobs Created or Maintained Through Rural Development Initiative Fund and Small Business Economic Development Loans

Fiscal Year	Jobs Created/Maintained
FY 2008	117
FY 2007	88
FY 2006	186
FY 2005	204
FY 2004	31
FY 2003	38

Methodology: Jobs are tracked in the Division of Investments loans software system.

Analysis of results and challenges: The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments from existing loans to fund new loans. With \$2.5 million of additional grant funding received between FY02 and FY04, ADI initiated a significant outreach effort in rural areas of the state. This effort resulted in a dramatic increase in the volume of loans generated in FY05 and FY06. Based on available funding, ADI anticipates similar results in FY09.

A1: Strategy - Promote installation of Capstone Avionics equipment in Alaskan aircraft by disseminating information about the Capstone Avionics Loan Program (Capstone Program) and providing efficient processing of loan applications.

Target #1: Provide Capstone Program information to 300 persons involved in the Aviation Industry annually.

Status #1: New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.

Analysis of results and challenges: The full economic and safety benefits of the Capstone Avionics Loan Program (Capstone Program) will not be realized unless a significant number of aircraft in Alaska install the required Capstone Avionics equipment. The Aviation Industry in Alaska is a major component of the transportation network required for economic development and a lifeline to and for many rural communities. Networking and providing information concerning the financing available through the Capstone Program to people in the Alaska aviation arena is crucial to the overall success of the Capstone Program.

Target #2: Process Capstone Program loan applications in 25 days or less.

Status #2: New target, as Capstone Avionics program is being implemented during fiscal year 2009. Data will be collected and reported at the end of FY2009.

Analysis of results and challenges: A key component to the Capstone Program will be to make the program a ready access to low interest financing to install the required avionics equipment. Delivering excellent customer service through efficient processing of loan applications will help to ensure the overall success of the Capstone Program and expedite the safety and economic benefits for the people of Alaska.

A2: Strategy - Increase financial services provided to Alaskan commercial fishing harvesters.

Target #1: Provide financial services to 750 commercial fishing harvesters annually.

Status #1: Exceeded FY08 target of 750 harvesters receiving financial services, as 764 harvesters received those services during FY08. FY09's target remains at 750.

Harvesters Provided with Financial Services under the Commercial Fishing Revolving Loan Fund

Fiscal Year	Commercial Harvesters
FY 2008	764
FY 2007	760
FY 2006	912
FY 2005	1032
FY 2004	841

Methodology: Statistics tracked in Division of Investments loans software system.

Analysis of results and challenges: One of the primary benefits of the lending activity and financial services provided under the Commercial Fishing Revolving Loan Fund (CFRLF) is the creation and maintenance of jobs. There is a direct link between new loans and job creation as resident borrowers hire licensed crew to operate their small business enterprises. In addition, the Alaska Division of Investments (ADI) efforts in restructuring troubled loans serve as an economic buffer to the significant potential loss of jobs that would result without such efforts. The reductions in FY07 and FY08 were due to reductions in the number of borrowers requiring assistance through our loan extension program. This program assists those borrowers that are unable to make their loan payments on time. Fewer borrowers now require this assistance as they were able to make their loan payments in a timely manner. ADI expects similar results in FY09.

A3: Strategy - Promote development of predominately resident fisheries by increasing or maintaining the percentage of limited entry permits held by Alaska residents.

Target #1: Maintain the number of permits held by Alaskans at 78% or greater.

Status #1: Did not reach FY08 target of 78% of limited entry permits being held by Alaska residents as 77% were held in FY08.

The Percentage of Limited Entry (LE) Permits Held by Alaskan Residents

Fiscal Year	Alaskan Owned LE Permits
FY 2008	77%
FY 2007	77%
FY 2006	77%
FY 2005	78%
FY 2004	78%
FY 2003	78%
FY 2002	78%
FY 2001	78%
FY 2000	78%
FY 1999	78%
FY 1998	77%

Methodology: Information received from the Commercial Fisheries Entry Commission website. "Permits and Permit Holders".

Analysis of results and challenges: A statutory mission of the Commercial Fishing Revolving Loan Fund is to provide long term, low interest loans to commercial fishing harvesters to promote resident fisheries. The overall resident ownership of limited entry permits is one of the ways to measure program success. Resident ownership is particularly important in rural areas where economic opportunities are limited.

A4: Strategy - Utilize the Rural Development Initiative Fund and the Small Business Economic Development loan fund to increase the number of jobs created or maintained in rural communities.

Target #1: Generate twelve new Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) loans, originated and serviced for the Alaska Industrial Development and Export Authority (AIDEA).

Status #1: 12 loans were generated during FY08, meeting the new target.

The Number of New Rural Development Initiative Fund (RDIF) and Small Business Economic Development (SBED) Loans Originated and Serviced for Alaska Industrial Development and Export Authority

Fiscal Year	New Loans ~ SBED/RDIF
FY 2008	12
FY 2007	14
FY 2006	22
FY 2005	23
FY 2004	9
FY 2003	5

Methodology: Statistics are tracked in the Division of Investments loan software system.

Analysis of results and challenges: The Small Business Economic Development (SBED) and Rural Development Initiative Fund (RDIF) loan programs were designed specifically for creating and maintaining jobs in rural areas of the state. The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments, from existing loans, to fund new loans. ADI received additional grants in the amount of \$2.5 million dollars between FY02 and FY04. With additional funding available ADI initiated a significant outreach effort in rural areas of the state. The increase in jobs in FY05 and FY06 was the result of the outreach efforts, dramatically increasing loan volume. The reduction in FY07 reflects a decrease in funding available. Funding levels should not remain consistent and ADI anticipates FY09 results to mirror FY08.

A5: Strategy - Promote enhancement of the state's fisheries by decreasing response time to loan applications from private non-profit aquaculture associations.

Target #1: Process Fisheries Enhancement Revolving Loan Fund (FERLF) loan applications in eighteen days or less.

Status #1: Actual processing time of 14 days was better than the target of 18 days for Fisheries Enhancement Revolving Loan Fund applications.

Fisheries Enhancement Loan Application Response Time

Fiscal Year	Days to Process
FY 2008	14
FY 2007	21
FY 2006	5
FY 2005	17
FY 2004	24

Methodology: Statistics are tracked in the Division of Investments loans software system.

Analysis of results and challenges: Efficient processing of applications benefits the aquaculture industry during periods of economic stress such as we are currently experiencing. Projects funded through loans are not as likely to be jeopardized by delays and cost overruns when applications are processed timely. FY06 processing days were based on one loan, while FY07 was based on eight and FY08 on four. Additionally, the FY06 borrower contacted an ADI Loan Officer prior to submission of their application, which made the actual processing of their application much faster than usual once it was actually received by ADI.

B: Result - Interagency and interdepartmental servicing of loan portfolios.

Target #1: Generate \$1.6 million or more annually in new loans.

Status #1: New loans of \$1.8 million issued exceeding target of \$1.6 million.

New Loans Generated From Loan Portfolios Serviced for Other Agencies

Fiscal Year	New Loans Generated
FY 2008	\$1,752,548
FY 2007	\$1,618,575
FY 2006	\$2,540,000
FY 2005	\$2,989,100
FY 2004	\$1,031,400
FY 2003	\$1,374,600

Methodology: Statistics tracked in the Division of Investments loans software system.

Analysis of results and challenges: The RDIF and SBED loan funds are revolving loan funds that utilize borrower repayments from existing loans to fund new loans. With \$2.5 million of additional grant funding received between FY02 and FY04, ADI initiated a significant outreach effort in rural areas of the state. This effort resulted in a dramatic increase in the volume of loans generated in FY05 and FY06. Based on available funding, ADI anticipates results similar to FY08 in FY09.

B1: Strategy - Provide prudent financial management of loan funds serviced for other agencies.

Target #1: Maintain the cumulative delinquency rate of revolving loan portfolios serviced for agencies, other than the Alaska Division of Investments, at 5% or less.

Status #1: Exceeded expectations - FY08 actual delinquency rate of 1.9% was less than target of 5%.

Average Annual Delinquency Rate of Portfolios Serviced for Other Agencies

Fiscal Year	Average Delinquency Rate
FY 2008	1.9%
FY 2007	2.6%
FY 2006	6.8%
FY 2005	14.8%
FY 2004	10.2%
FY 2003	11.0%

Methodology: Delinquency rates are calculated monthly utilizing information obtained from the Division of Investments loans software system.

Analysis of results and challenges: The consolidation of lending functions across various agencies to the Alaska Division of Investments (ADI) results in more efficient government. Maintaining low delinquency rates on the loan funds administered by ADI results in greater operational efficiencies and a higher rate of return to the loan funds. The majority of loans serviced for other agencies are small business loans aimed at rural areas. Commercial lending in rural Alaska requires experience and knowledge in rural economic conditions to stimulate economic development while maintaining prudent lending practices. ADI accomplishes this by utilizing an experienced and knowledgeable staff. Improved market conditions and efficient program management led to dramatic improvements in delinquency rates in FY07 and FY08.

C: Result - A return of capital to the state through financial management of loan funds.

Target #1: Generate \$4.5 million annually in net earned revenue that may be utilized to fund government operations.

Status #1: Generated \$6 million in net earned revenue exceeding target of \$4 million.

Net Earned Revenue Utilized for Government Operations

Fiscal Year	Net Earned Revenue Utili
FY 2008	\$5,982,348
FY 2007	\$5,500,000
FY 2006	\$4,000,000
FY 2005	\$5,557,000
FY 2004	\$2,875,300
FY 2003	\$4,530,100
FY 2002	\$2,040,200
FY 2001	\$3,115,500
FY 2000	\$1,508,600

Methodology: Net earned revenue is calculated using interest earnings and revenues generated from Division of Investments loan funds, less Division of Investments operating expenses.

Analysis of results and challenges: Proper financial management of the Alaska Division of Investments loan portfolios creates earnings that can be made available for the operations of state government. Net earnings realized from continuing operations of the loan funds, combined with interest earned by the Treasury from cash in the loan funds when managed carefully, can be utilized without sacrificing program goals. Improved market conditions and efficient program management resulted in increased earnings in FY08.

C1: Strategy - Generate capital excess to loan demand and operational needs to help fund government operations.

Target #1: Maintain the cumulative delinquency rate of all loan portfolios serviced by the Alaska Division of Investments (ADI), whether serviced for other agencies or owned by ADI, at 6% or less.

Status #1: Exceeded expectations - FY08 actual delinquency rate of 1.7% was less than target of 6%.

Average Annual Delinquency Rate of All Loan Funds

Fiscal Year	Average Delinquency Rate
FY 2008	1.7%
FY 2007	2.6%
FY 2006	2.1%
FY 2005	6.3%
FY 2004	10.7%
FY 2003	15.6%
FY 2002	15.1%
FY 2001	10.4%
FY 2000	6.9%

Methodology: Delinquency rates are calculated monthly utilizing information obtained from the Division of Investments loans software system.

Analysis of results and challenges: Maintaining an appropriately low delinquency rate on loan funds under the Alaska Division of Investments (ADI) administration increases cash flow into the funds, making more funds available to lend and generating more interest income. Delinquency management is an integral part of the financial management of loan funds. ADI accomplishes this by utilizing an experienced and knowledgeable collections staff. Improved market conditions and focused collection efforts led to dramatic improvements in delinquency rates in FY06 and FY07. Improved market conditions and efficient program management resulted in extremely low delinquency rates in FY06, FY07 and FY08.

Target #2: Maintain the delinquency rate of the Commercial Fishing Revolving Loan Fund (CFRLF) at 8% or less.

Status #2: Exceeded expectations - FY08 actual delinquency rate of 4.3% was less than target of 8%.

Average Annual Delinquency Rate of the Commercial Fishing Revolving Loan Fund

Fiscal Year	Average Delinquency Rate
FY 2008	4.3%
FY 2007	4.9%
FY 2006	4.8%
FY 2005	9.6%
FY 2004	13.5%
FY 2003	21.5%
FY 2002	20.4%
FY 2001	17.0%
FY 2000	25.0%

Analysis of results and challenges: The commercial fishing industry in Alaska has experienced dramatic and stressful changes in the recent past, primarily as a result of the impact of farmed salmon on world markets. The Alaska Division of Investments (ADI) utilized many creative solutions to help meet the needs of the industry and accomplish program goals while protecting the integrity of the Commercial Fishing Revolving Loan Fund. ADI will continue to effectively manage delinquencies by utilizing an experienced and knowledgeable collections staff. Improved market conditions and efficient program management resulted in lower delinquency rates in FY06, FY07 and FY08.

Alaska Aerospace Development Corporation Results Delivery Unit

Contribution to Department's Mission

To promote aerospace-related economic growth and development and strengthen Alaska's technological infrastructure.

Core Services

- Provide rocket launch venue.
- Provide rocket launch support services to customers.

End Result	Strategies to Achieve End Result
A: Maintain or improve launch services operating revenue <u>Target #1:</u> Increase launch services operating revenue over a five-year average. <u>Status #1:</u> Alaska Aerospace Development Corporation (AADC) achieved target of increasing launch services revenue over a five-year average, with an average growth rate of 18% over the five-year period from 2004 through 2008.	A1: Expand launch services offered <u>Target #1:</u> Add one new service annually. <u>Status #1:</u> AADC achieved target of adding an additional service by completing installation of fiber optic cable.
End Result	Strategies to Achieve End Result
B: Maintain or improve contribution level to Alaska economy <u>Target #1:</u> Increase level of operating spending in Alaska economy <u>Status #1:</u> Alaska Aerospace Development Corporation achieved target of increasing its level of operating spending in the Alaska economy over a five-year average, with an average annual increase of 0.07% over the five year period from 2004 through 2008.	B1: Increase spending on Alaska payroll, goods and services <u>Target #1:</u> Hire and train in Alaska. <u>Status #1:</u> AADC hired seven new personnel in FY08. <u>Target #2:</u> Purchase Alaska goods and services. <u>Status #2:</u> While this category increased an average of 7% per year from FY03 through FY07, in FY08 total spending decreased and associated Alaska vendor spending decreased.
End Result	Strategies to Achieve End Result
C: Strengthen Alaska's technological infrastructure <u>Target #1:</u> Continue investment in capital assets <u>Status #1:</u> Alaska Aerospace Development Corporation achieved target of continuing its investment in capital assets, with a cumulative investment being increased by an average of 12% over the five year period 2004 through 2008.	C1: Develop Kodiak Launch Complex (KLC) facilities and services. <u>Target #1:</u> Secure funding for Launch Pad 3 and Rocket Motor Storage Facility. <u>Status #1:</u> AADC received \$3.5 million of general funds in FY09 for the Launch Pad 3 and the Rocket Motor Storage Facility and has requested an equal amount in FY10. This will match a total of \$28 million in expected federal funding.

Major Activities to Advance Strategies

- Expand launch services provided.
- Maintain or improve contribution level to Alaska economy.
- Develop infrastructure to enhance capabilities.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$28,561,000

Personnel:

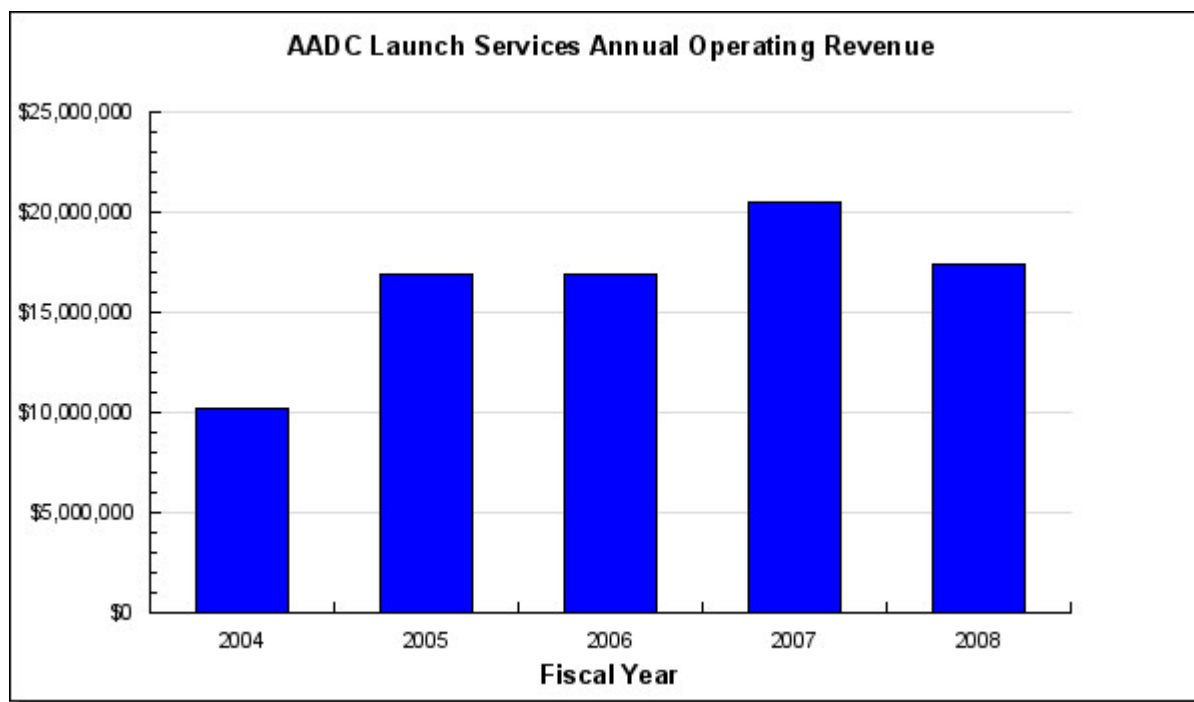
Full time	52
Part time	0
Total	52

Performance

A: Result - Maintain or improve launch services operating revenue

Target #1: Increase launch services operating revenue over a five-year average.

Status #1: Alaska Aerospace Development Corporation (AADC) achieved target of increasing launch services revenue over a five-year average, with an average growth rate of 18% over the five-year period from 2004 through 2008.



Methodology: AADC Financial Statements

AADC Launch Services Annual Operating Revenue

Fiscal Year	YTD Total
FY 2008	\$17,358,715
FY 2007	\$20,464,554
FY 2006	\$16,892,115
FY 2005	\$16,914,593
FY 2004	\$10,229,566

Analysis of results and challenges: Launch operating revenue for the Kodiak Launch Complex (KLC) decreased from \$20.5 million in FY07 to \$18 million in FY08. The launch schedule for AADC's primary customer, Missile Defense Agency (MDA) was not executed by MDA as projected for FY08. The adjustment to MDA's launch activity directly impacted AADC's gross revenue. AADC is in negotiations as of August 2008 for a three year contract with MDA to continue to provide launch operations. AADC has also secured two launch contracts with the US Air Force. AADC staff is also working in conjunction with the Board of Directors to diversify its business base to increase operations revenue. While operating revenue decreased from FY07 to FY08, operating revenue increased on an average of 18% over the last five years.

A1: Strategy - Expand launch services offered

Target #1: Add one new service annually.

Status #1: AADC achieved target of adding an additional service by completing installation of fiber optic cable.

New Services Provided Annually

Fiscal Year	YTD Total
FY 2008	VERIZON
FY 2007	FIBER OPTICS
FY 2006	AMTS
FY 2005	MSF
FY 2004	RSTS

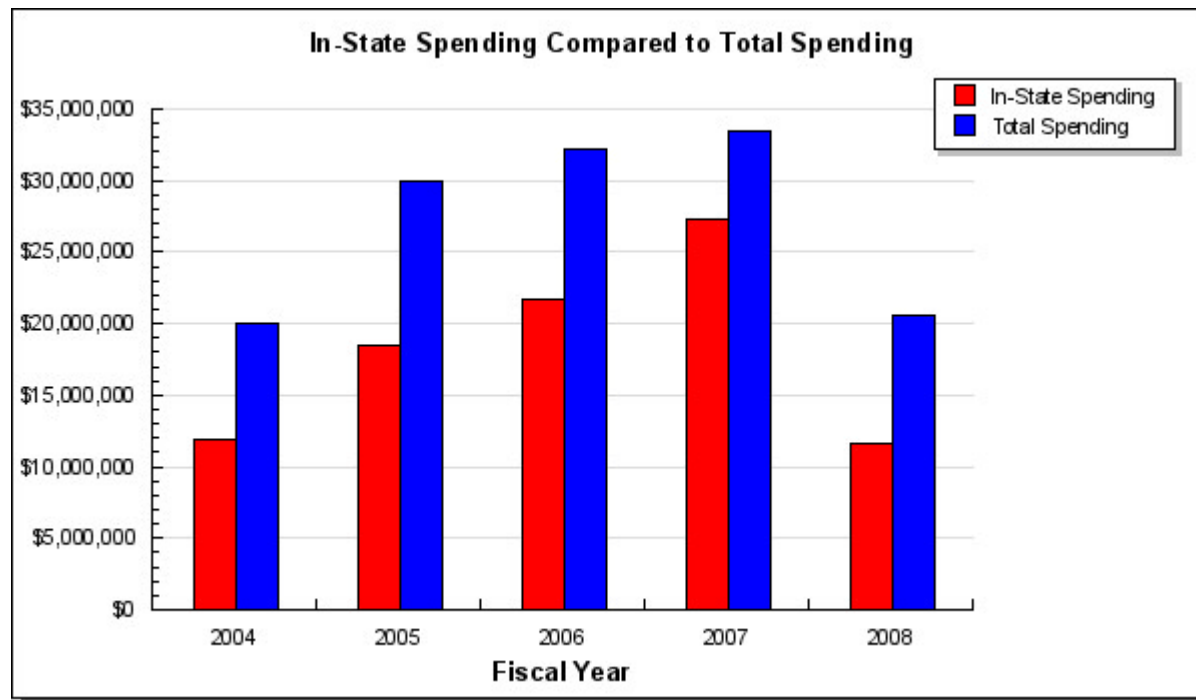
Methodology: AADC Financial Statements

Analysis of results and challenges: AADC achieved the target of adding an additional service each year. In FY07, AADC spearheaded the development of an extensive submarine fiber optic cable network project designed to bring connectivity to Kodiak and the Kenai Peninsula. In FY08, the completion of the installation of the fiber optic cable provided an opportunity to enter into a contract with Verizon to provide secure and dependable high-speed voice and internet connectivity to AADC's customers. This ensures that AADC will continue to expand necessary communication connectivity to meet customers' launch requirements. This effort contributes to AADC's overall operating revenues and contributes to the economic growth of the state.

B: Result - Maintain or improve contribution level to Alaska economy

Target #1: Increase level of operating spending in Alaska economy

Status #1: Alaska Aerospace Development Corporation achieved target of increasing its level of operating spending in the Alaska economy over a five-year average, with an average annual increase of 0.07% over the five year period from 2004 through 2008.



Methodology: AADC Financial Statements

In-State Spending Compared to Total Spending

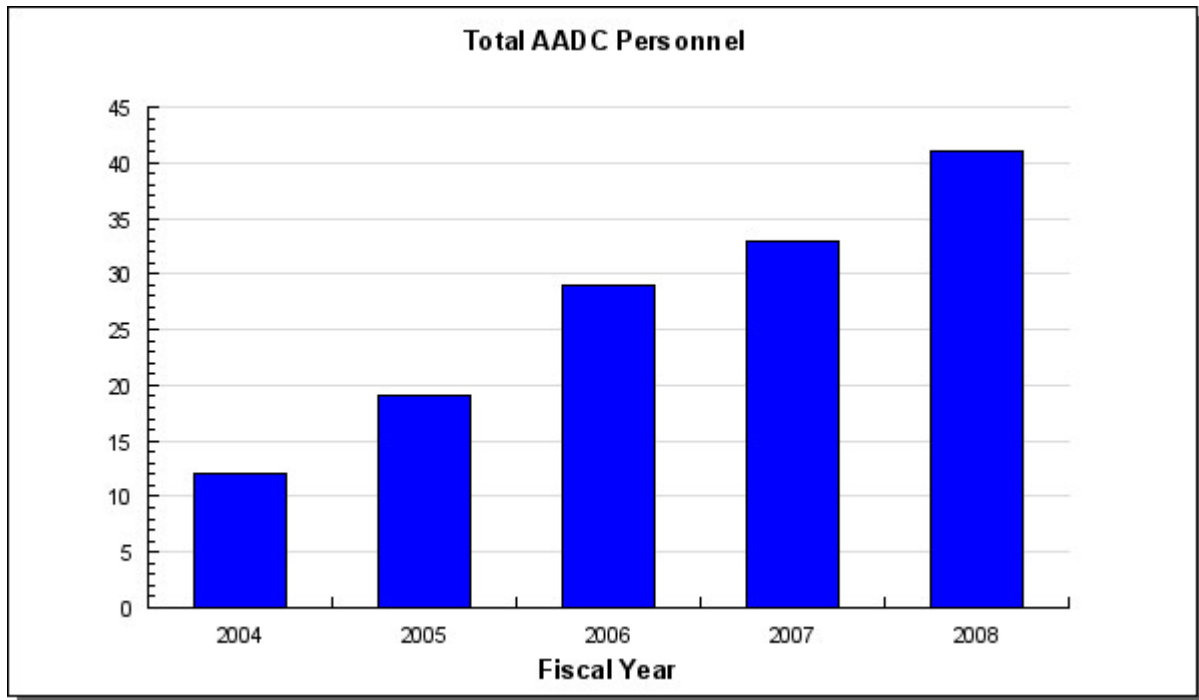
Fiscal Year	In-State Spending	Total Spending
FY 2008	\$11,605,297	\$20,563,131
FY 2007	\$27,307,027	\$33,406,065
FY 2006	\$21,648,646	\$32,185,759
FY 2005	\$18,515,333	\$29,904,903
FY 2004	\$11,873,854	\$19,988,601

Analysis of results and challenges: AADC achieved the target of increasing its level of operating spending in the Alaska economy over a five year average, with an average annual increase of .07% over the five year period. This increase in the percentage of in-state spending supports AADC's mission to promote aerospace related economic growth by maintaining or improving contribution levels to Alaska's economy. This in turn has a significant, positive impact on the Alaska economy through local purchases of goods and services and the creation of indirect jobs to support these goods and services.

B1: Strategy - Increase spending on Alaska payroll, goods and services

Target #1: Hire and train in Alaska.

Status #1: AADC hired seven new personnel in FY08.



Methodology: AADC Personnel Records

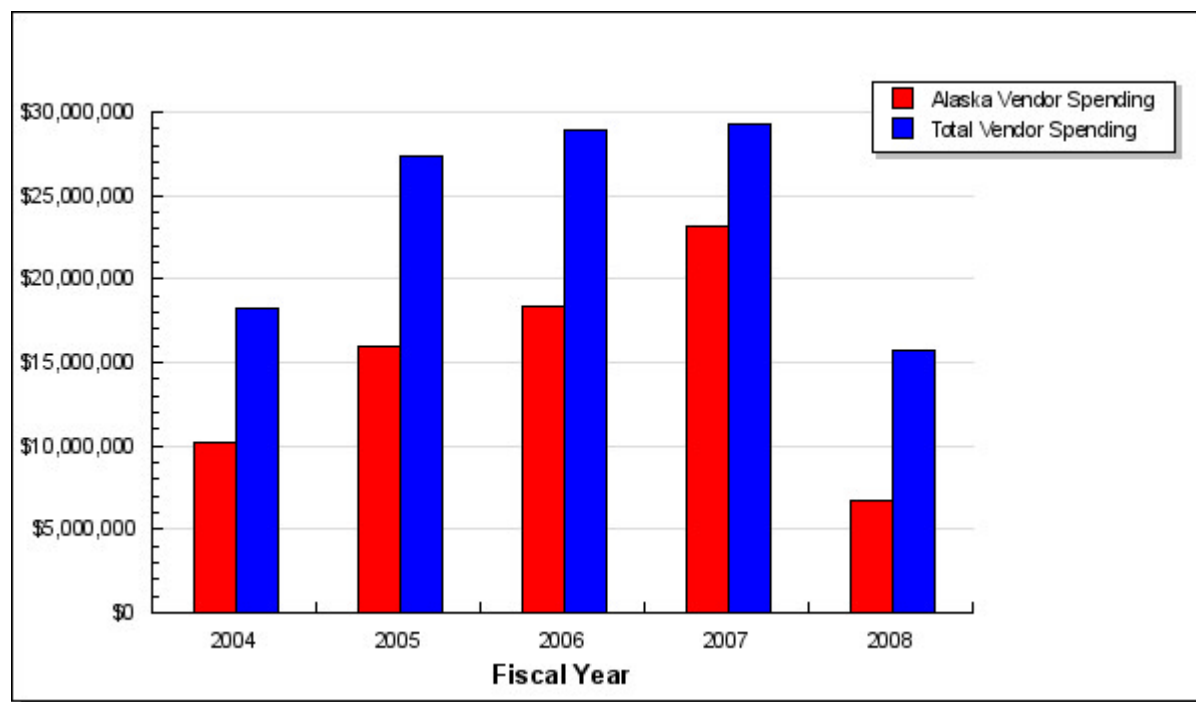
Total AADC Personnel

Fiscal Year	Total
FY 2008	41
FY 2007	33
FY 2006	29
FY 2005	19
FY 2004	12

Analysis of results and challenges: AADC achieved its target of hiring additional personnel each year by hiring 7 new personnel in FY08. AADC continues to project hiring personnel as AADC secures contracts that would fund the positions. This is a positive impact to the State's economy by adding personnel with wages that are higher than the Alaska average wage. This direct spending on AADC employees has a positive multiplier effect by increased spending in Alaska's economy

Target #2: Purchase Alaska goods and services.

Status #2: While this category increased an average of 7% per year from FY03 through FY07, in FY08 total spending decreased and associated Alaska vendor spending decreased.



Methodology: AADC Financial Statements

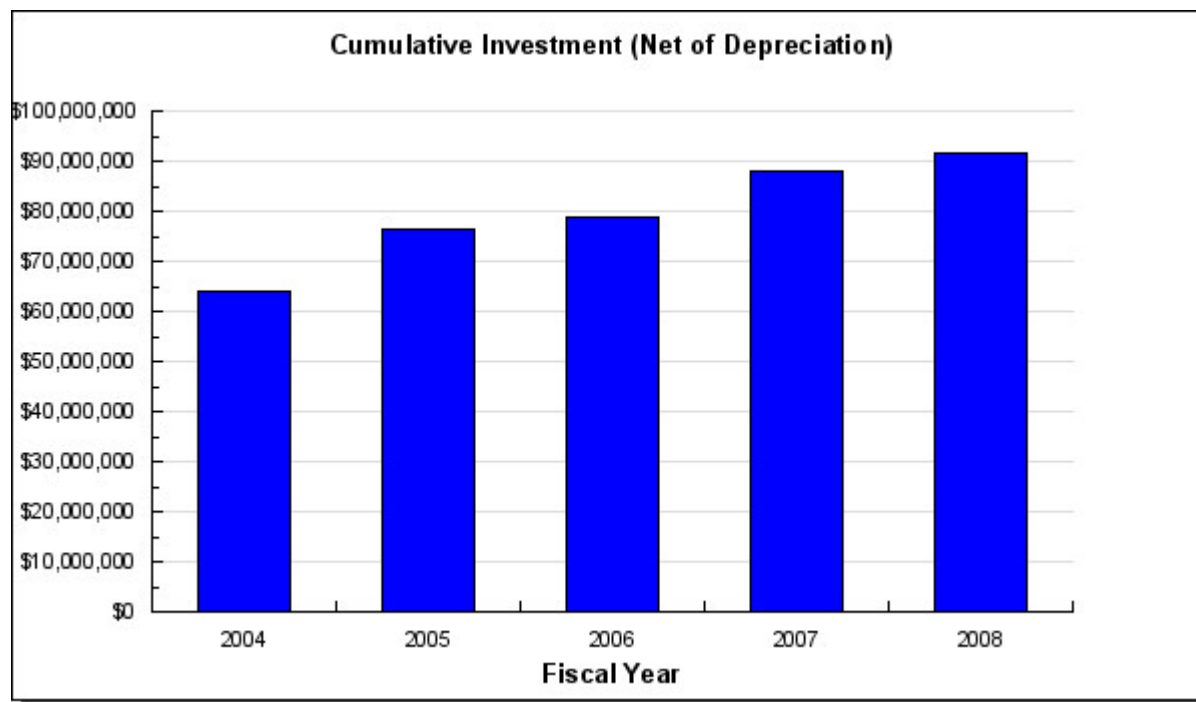
Fiscal Year	Alaska Vendor Spending	Total Vendor Spending
FY 2008	\$6,774,464	\$15,732,298
FY 2007	\$23,125,422	\$29,224,460
FY 2006	\$18,391,668	\$28,928,781
FY 2005	\$16,017,191	\$27,406,761
FY 2004	\$10,167,456	\$18,282,203

Analysis of results and challenges: Due to the decrease in launch activity, AADC did not achieve its target of increasing the level of spending on Alaska vendors each year. AADC spent \$6.8 million out of \$15.4 million with Alaska vendors in FY08. While this is a 35% decrease from FY07, AADC has achieved an average increase of 7% per year from FY04 through FY07. AADC plans to continue to focus on utilizing Alaska goods and services. The use of local vendors for purchases of goods and services has a positive impact on the Alaska economy through creating additional jobs to support the delivery of these goods and services.

C: Result - Strengthen Alaska's technological infrastructure

Target #1: Continue investment in capital assets

Status #1: Alaska Aerospace Development Corporation achieved target of continuing its investment in capital assets, with a cumulative investment being increased by an average of 12% over the five year period 2004 through 2008.



Methodology: AADC Financial Statements

Cumulative Investment (Net of Depreciation)

Fiscal Year	Totals
FY 2008	\$91,651,558
FY 2007	\$88,131,308
FY 2006	\$78,875,194
FY 2005	\$76,489,000
FY 2004	\$63,848,000

Analysis of results and challenges: AADC achieved the target of continuing to invest in capital assets, with cumulative investment (less the cost of depreciation) through FY08 at \$91 million. This is an increase of 3% over FY07. Investment in capital assets for FY08 included funds for the fiber optic system. Investment in capital assets is projected to continue in FY09.

C1: Strategy - Develop Kodiak Launch Complex (KLC) facilities and services.

Target #1: Secure funding for Launch Pad 3 and Rocket Motor Storage Facility.

Status #1: AADC received \$3.5 million of general funds in FY09 for the Launch Pad 3 and the Rocket Motor Storage Facility and has requested an equal amount in FY10. This will match a total of \$28 million in expected federal funding.

Analysis of results and challenges: AADC has infrastructure requirements to provide increased launch capability and support customers' future requirements. The two additional facilities needed are the Launch Pad 3 (LP3) and the Rocket Missile Storage Facility (RMSF). It is imperative that AADC expand its infrastructure to remain competitive in the aerospace launch services. LP3 would enable the Kodiak Launch Complex to continue supporting

MDA and concurrently support additional customers. The RMSF would support storage of multiple rockets that are ready for launch. This would allow customers to ship multiple rockets on a single barge, reducing transportation costs.

If AADC does not expand the infrastructure to create an increased customer base, there will be limited economic growth in Alaska's aerospace launch industry. Currently, AADC has two additional launch contracts with the US Air Force, and serious inquiries for more potential customers that are interested in the Spaceport. The economic benefit to the State of Alaska with the additional facilities would ensure future expansion of aerospace industry, increased operating revenue and increased job opportunities from sources outside Alaska.

Component: Alaska Aerospace Development Corporation**Contribution to Department's Mission**

See RDU.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$4,387,300****Personnel:**

Full time 24

Part time 0

Total 24

Component: Alaska Aerospace Development Corporation Facilities Maintenance

Contribution to Department's Mission

See RDU.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$24,173,700

Personnel:

Full time	28
Part time	0
Total	28

Alaska Industrial Development and Export Authority Results Delivery Unit**Contribution to Department's Mission**

See Components.

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$8,866,400

Personnel:

Full time 69

Part time 0

Total 69

Component: Alaska Industrial Development and Export Authority

Contribution to Department's Mission

Provide means of financing to promote economic growth and diversification in Alaska.

Core Services

- Loan Participation Program
- Development Finance Program - AIDEA-owned projects
- Conduit Revenue Bond Program
- Business and Export Assistance Program
- Rural Development Initiative Fund and Small Business Economic Development Revolving Loan Fund (AIDEA statutory programs managed by DCCED)
- Staffing and administrative overhead for the Alaska Energy Authority

End Result	Strategies to Achieve End Result
<p>A: Economic growth in Alaska is promoted</p> <p><u>Target #1:</u> 500 Permanent jobs annually created or retained in Alaska by AIDEA financing.</p> <p><u>Status #1:</u> The creation of 366 permanent jobs and retention of 652 jobs in the state exceeded the target of 500 permanent jobs annually created or retained in Alaska by AIDEA financing.</p> <p><u>Target #2:</u> 400 Construction jobs annually created or retained in Alaska by AIDEA financing.</p> <p><u>Status #2:</u> Did not meet target of 400 construction jobs annually created or retained this fiscal year. 206 Construction jobs created in 2008.</p>	<p>A1: Maintain/improve existing "A" credit rating</p> <p><u>Target #1:</u> Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels.</p> <p><u>Status #1:</u> As of 6/30/2008 delinquency rate was .65% which is better than the target of keeping loan delinquencies below industry levels.</p> <p><u>Target #2:</u> 1:1 ratio of cash to General Obligation debt outstanding.</p> <p><u>Status #2:</u> AIDEA exceeded its cash to debt ratio target of 1:1, final numbers not available at time of publishing.</p> <p><u>Target #3:</u> Percent of loan portfolio to one type of industry limited to 50%.</p> <p><u>Status #3:</u> As of June 30, 2008 the two high percentages were 24.26% in tourism and 21.32% in retail. AIDEA has met its percentage target for 2008.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Purchase loan participations • Manage loan portfolio and mitigate risk through industry and geographic diversification • Invest funds • Manage AIDEA-owned projects • Communicate AIDEA's mission, goals, and results to program stakeholders 	<ul style="list-style-type: none"> • Proactively seek and facilitate new business and economic development opportunities • Streamline and optimize the evaluation of new business proposals • Perform business feasibility studies and evaluate project proposals • Develop and participate in technical assistance programs

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$8,604,400

Personnel:

Full time	69
Part time	0
Total	69

Performance

A: Result - Economic growth in Alaska is promoted

Target #1: 500 Permanent jobs annually created or retained in Alaska by AIDEA financing.**Status #1:** The creation of 366 permanent jobs and retention of 652 jobs in the state exceeded the target of 500 permanent jobs annually created or retained in Alaska by AIDEA financing.

Number of Permanent Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2008	652
FY 2007	258
FY 2006	813
FY 2005	1026
FY 2004	630
FY 2003	542

Analysis of results and challenges: The Loan Participation Program provides long-term financing to Alaska businesses for new or existing projects, or for the refinancing of existing loans. The Loan Participation Program has been highly successful since its inception in the early 1980's. AIDEA's participation in financing loans helps businesses create jobs for Alaskans. In addition, AIDEA-owned projects have had a significant impact over the years, as these projects have created and retained over 652 jobs in the state.

Target #2: 400 Construction jobs annually created or retained in Alaska by AIDEA financing.**Status #2:** Did not meet target of 400 construction jobs annually created or retained this fiscal year. 206 Construction jobs created in 2008.

Number of Construction Jobs Created or Retained in Alaska by AIDEA Financing

Fiscal Year	YTD Total
FY 2008	206 -54.32%
FY 2007	451 -26.07%
FY 2006	610 +56.41%
FY 2005	390 +25.81%
FY 2004	310 -34.18%
FY 2003	471

Analysis of results and challenges: AIDEA measures its success by creating jobs and distinguishes the types of jobs created. Since AIDEA's loan participation program is used to finance commercial real estate projects and businesses, it is important to distinguish permanent jobs created from construction jobs which, although temporary in nature, are important in measuring economic growth.

A1: Strategy - Maintain/improve existing "A" credit rating

Target #1: Keep loan delinquencies (over 90 days) at or below Alaska financial industry levels.

Status #1: As of 6/30/2008 delinquency rate was .65% which is better than the target of keeping loan delinquencies below industry levels.

% Loan Delinquencies (over 90 days) at June 30

Year	Alaska Financial Inst	AIDEA %Delinquent
2008	5.92%	0.65%
2007	3.94%	0.51%
2006	2.82%	0.16%
2005	2.10%	0.20%
2004	N/A	0.77%
2003	N/A	4.75%

Analysis of results and challenges: Since AIDEA's loan portfolio is primarily commercial real estate and AIDEA does not have the ability to diversify to other types of loans, such as residential or multifamily real estate, it is important for AIDEA's delinquency rate to remain below the banking industry's level of delinquencies.

Target #2: 1:1 ratio of cash to General Obligation debt outstanding.

Status #2: AIDEA exceeded its cash to debt ratio target of 1:1, final numbers not available at time of publishing.

Ratio of Cash to GO Debt Outstanding at June 30

Year	YTD Total
2008	N/A
2007	1.87 +0.54%
2006	1.86 -1.06%
2005	1.88 +22.08%
2004	1.54 -7.78%
2003	1.67 +9.15%
2002	1.53

Analysis of results and challenges: At least one dollar of cash is available for every dollar of General Obligation debt AIDEA has outstanding. On June 30, 2007 AIDEA had \$1.87 in cash for every dollar of debt outstanding. Debt coverage is an important measure used by rating agencies to determine AIDEA's credit strength.

Target #3: Percent of loan portfolio to one type of industry limited to 50%.

Status #3: As of June 30, 2008 the two high percentages were 24.26% in tourism and 21.32% in retail. AIDEA has met its percentage target for 2008.

Analysis of results and challenges: The loan participation program has helped diversify the Alaskan economy by providing financing for a large variety of commercial facilities ranging from office buildings, warehouses and retail establishments to hotels, fishing vessels and manufacturing facilities. AIDEA, unlike commercial banks, is limited in its loan participations to the category of commercial real estate and tangible personal property. AIDEA manages the commercial real estate portfolio for maximum diversification in conjunction with market needs.

Component: Alaska Industrial Development Corporation Facilities Maintenance**Contribution to Department's Mission**

The mission of the Alaska Industrial Development and Export Authority (AIDEA) Facilities Maintenance component is to provide for the operation, maintenance and repair costs of the AIDEA office building.

Major Activities to Advance Strategies

- Monitor the operations and maintenance of AIDEA facilities.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$262,000

Personnel:

Full time 0

Part time 0

Total 0

Alaska Energy Authority Results Delivery Unit

Contribution to Department's Mission

Reduce the cost of energy in Alaska.

Core Services

- Operation and maintenance of existing Authority-owned projects with maximum utility control
- Development, design and construction of sustainable, safe, reliable, efficient and environmentally sound energy systems in Alaska
- Power Cost Equalization program
- Power Project and Bulk Fuel Revolving Loan Programs
- Training, technical assistance and emergency response to rural utilities

End Result	Strategies to Achieve End Result
<p>A: The unit cost of energy in Alaska is reduced.</p> <p><u>Target #1:</u> 100% eligible electric utilities receive PCE payments.</p> <p><u>Status #1:</u> Did not meet target of 100% as 94% of the eligible electric utilities received PCE payments in FY2008.</p>	<p>A1: Reduce the number of Bulk Fuel (BF) non-code compliant facilities</p> <p><u>Target #1:</u> Upgrade 10 rural bulk fuel facilities annually.</p> <p><u>Status #1:</u> Received sufficient funding from Denali Commission to upgrade 3 rural bulk fuel facilities, did not meet target of 10.</p> <p>A2: Upgrade rural powerhouses to increase diesel efficiency</p> <p><u>Target #1:</u> 8 rural power system upgrades (RPSU) completed annually.</p> <p><u>Status #1:</u> Did not meet target of 8 rural power system upgrades completed annually as 6 were completed. In addition to these 6, 2 hydroelectric facilities were completed.</p> <p>A3: Train rural residents to manage and operate rural energy infrastructure and programs</p> <p><u>Target #1:</u> 100 rural residents trained annually to manage and operate rural energy infrastructure and programs.</p> <p><u>Status #1:</u> Exceeded target of 100 residents training with 104 rural residents in FY2008.</p>

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$37,792,300

Personnel:

Full time	0
Part time	0
Total	0

Performance

A: Result - The unit cost of energy in Alaska is reduced.

Target #1: 100% eligible electric utilities receive PCE payments.**Status #1:** Did not meet target of 100% as 94% of the eligible electric utilities received PCE payments in FY2008.

Percentage of Eligible Utilities Receiving PCE

Fiscal Year	YTD Total
FY 2008	94.3%
FY 2007	98.9%
FY 2006	98.8%
FY 2005	98.8%
FY 2004	95.5%
FY 2003	95.5%

Analysis of results and challenges: PCE payments reduce the unit cost of power to residential and community facility customers of eligible utilities. AEA provides technical assistance to utility clerks that need help preparing PCE reports; utilities that are not participating pursuant to the statutes and regulations do not receive some or all payments. 5 out of 87 utilities did not participate in FY 2008.

A1: Strategy - Reduce the number of Bulk Fuel (BF) non-code compliant facilities

Target #1: Upgrade 10 rural bulk fuel facilities annually.**Status #1:** Received sufficient funding from Denali Commission to upgrade 3 rural bulk fuel facilities, did not meet target of 10.

Number of completed BF Upgrade projects per year

Year	YTD Total
2008	3
2007	4
2006	7
2005	8
2004	11
2003	12
2002	8
2001	9
2000	3

Analysis of results and challenges: Approximately 25 remaining communities need bulk fuel facility upgrades.

Upgrading Bulk Fuel facilities reduces the unit cost of energy by replacing leaking tanks and reducing the risk of

future tank and equipment failure. Bringing these facilities into compliance with federal and state codes and regulations also makes them safer and more reliable. By eliminating fuel spills from leaking tanks, a community is able to use all fuel purchased. By following the terms of the business plans, owner operators are more able to manage their storage facilities and their fuel inventories to their greatest economic advantage.

A total of 21 projects were completed in years previous to 2000.

A2: Strategy - Upgrade rural powerhouses to increase diesel efficiency

Target #1: 8 rural power system upgrades (RPSU) completed annually.

Status #1: Did not meet target of 8 rural power system upgrades completed annually as 6 were completed. In addition to these 6, 2 hydroelectric facilities were completed.

RPSU Projects completed annually

Year	YTD Total
2008	6
2007	3
2006	10
2005	10
2004	4
2003	2
2002	1
2001	2

Analysis of results and challenges: Approximately 55 communities require powerhouse upgrades.

Powerhouse upgrade projects replace outdated, inefficient systems with new electronically controlled generator sets. New powerhouses contain generators of several different sizes. This allows the operator to employ the most efficient generator at various power demand levels throughout the day. At peak demand times the largest generator provides the power, while at low-demand times the smallest generator provides the power. We have also increased fuel efficiency by adding electronic fuel injectors. We have installed remote monitoring systems to improve our capacity to provide technical assistance.

A3: Strategy - Train rural residents to manage and operate rural energy infrastructure and programs

Target #1: 100 rural residents trained annually to manage and operate rural energy infrastructure and programs.

Status #1: Exceeded target of 100 residents training with 104 rural residents in FY2008.

Fiscal Year	YTD Total
FY 2008	104
FY 2007	131
FY 2006	111
FY 2005	112
FY 2004	106
FY 2003	69

Analysis of results and challenges: Training local residents to manage and operate rural energy infrastructure reduces the unit cost of energy by providing rural residents the skills to produce and submit PCE reports and operate and maintain energy infrastructure. PCE reports must be submitted to receive PCE payments and proper maintenance of facilities helps ensure that the facilities continue to operate in the most efficient manner. Properly maintaining a facility extends the operational life of the facility.

Component: Alaska Energy Authority Owned Facilities

Contribution to Department's Mission

Provide for the operation and maintenance of existing Authority-owned projects with maximum utility control.

Major Activities to Advance Strategies

- Monitor maintenance activities performed by utilities
- Ensure FERC compliance of Bradley Lake Hydro Project
- Monitor condition of the projects
- Complete annual budgets for the Bradley Lake Hydro Project and the Alaska Intertie Project
- Facilitate cooperation between utilities
- Repair and maintenance of the Larsen Bay project
- Oversight of Larsen Bay operations
- Work with cannery and Larsen Bay for delivery of reliable power
- Work with Larsen Bay to take responsibility for the project

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$1,067,100

Personnel:

Full time	0
Part time	0
Total	0

Component: Alaska Energy Authority Rural Energy Operations

Contribution to Department's Mission

Assist in the development of safe, reliable and efficient energy systems throughout Alaska, which are sustainable and environmentally sound, and reduce the cost of energy in rural Alaska.

Major Activities to Advance Strategies

- | | |
|--|--|
| <ul style="list-style-type: none"> • Issue/administer contracts and loans • Coordinate with communities and other government agencies • Develop business plans • Apply for grant funds • Provide technical assistance | <ul style="list-style-type: none"> • Perform energy audits • Project management • Recruitment of eligible trainees • Development of site-specific training curriculum • Develop/expand curriculum for powerhouse training |
|--|--|

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$3,184,100

Personnel:

Full time	0
Part time	0
Total	0

Component: Alaska Energy Authority Technical Assistance**Contribution to Department's Mission**

Increase the reliability and efficiency of rural electric systems.

Major Activities to Advance Strategies

- On site operator training
- Provide preventative maintenance services
- Development of site-specific training curriculum

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$100,700

Personnel:

Full time	0
Part time	0
Total	0

Component: Alaska Energy Authority Power Cost Equalization

Contribution to Department's Mission

Reduce the cost of electricity for residential customers and community facilities in rural Alaska.

Major Activities to Advance Strategies

- Verify eligibility and process monthly PCE payments
- Produce annual statistical report of PCE program
- Calculate the prorated PCE funding level
- Technical assistance
- Provide utility clerk training

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$32,160,000

Personnel:

Full time	0
Part time	0
Total	0

Component: Statewide Project Development, Alternative Energy and Efficiency

Contribution to Department's Mission

Assist in developing projects in Alaska that reduce and stabilize the cost of energy and decrease dependency on diesel and Cook Inlet natural gas for power, heating, and transportation.

Major Activities to Advance Strategies

- Issue competitive funding solicitations for preconstruction and construction activities.
- Issue and administer grants and contracts.
- Apply for grant funds.
- Conduct project feasibility assessment.
- Assist in and conduct statewide energy planning activities.
- Provide information and training through conferences and workshops.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$1,280,400

Personnel:

Full time	0
Part time	0
Total	0

RDU/Component: Alaska Seafood Marketing Institute*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Increase the economic value of Alaska seafood resources.

Core Services

- U.S. and International Retail Alaska Seafood Promotion
- Public Relations and Communications
- Seafood Quality Technical Support
- U.S. and International Foodservice Alaska Seafood Promotion

End Result	Strategies to Achieve End Result
<p>A: Increased economic value of Alaska seafood resources.</p> <p><u>Target #1:</u> Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.</p> <p><u>Status #1:</u> Value (ex-vessel) of key commercial species in Alaska's commercial harvest continued upward value trend, increasing 12.5% from 2006-2007, and reaching \$1.6 billion in 2007, providing increased revenue to state and local governments and the private sector.</p> <p><u>Target #2:</u> Increase by 0.5% the first wholesale value of selected Alaska salmon products.</p> <p><u>Status #2:</u> First wholesale value of Alaska salmon increased 5.6% from 2006 to 2007, exceeding \$900 million, and continuing an upward trend established over the previous five years that boosts state and local economies and the private sector.</p> <p><u>Target #3:</u> Increase by 0.5% the aggregate value of Alaska seafood exports to ASMI program destination countries.</p> <p><u>Status #3:</u> Alaska seafood exports to ASMI program destination countries exceeded \$1.7 billion. This represents an increase in value of 34% from 2003 to 2007, well above our .5% target, and 6% more than the value of exports to countries where ASMI does not have ongoing marketing activity.</p> <p><u>Target #4:</u> Make Alaska seafood the most popular food brand on U.S. restaurant menus.</p> <p><u>Status #4:</u> Alaska seafood is among the three most popular food brands on U.S. menus, and has reached third and second place, but has not yet reached the targeted top spot.</p>	<p>A1: Conduct consumer campaigns, retail and foodservice promotions, public/media relations and technical education in the U.S. and overseas to increase the value of Alaska seafood resources.</p> <p><u>Target #1:</u> Sustain U.S. consumer activities at FY08 level to generate positive Alaska seafood household and individual impressions, and maintain brand awareness.</p> <p><u>Status #1:</u> FY08 U.S. household impressions generated with cable TV totaled 225 million, consumer magazine ad circulation totaled 7.4 million, and trade ad circulation totaled 1,176,400.</p> <p><u>Target #2:</u> Maintain Alaska Seafood Marketing Institute's share of U.S.D.A. Foreign Agricultural Service allocation of Market Access Program dollars that fund international marketing activities.</p> <p><u>Status #2:</u> Market Access Program allocation to ASMI for FY09 was \$5.1 million, compared with \$4.7 million for FY08, an 8.5% increase.</p>

Major Activities to Advance Strategies

- Conduct consumer campaigns to strengthen demand for wild and natural Alaska Seafood, stimulate sales and increase economic value of Alaska seafood
- Execute advertising campaign to boost usage of all key commercial species of Alaska Seafood
- Work with broadline foodservice distributors to maximize Alaska Seafood penetration
- Customized promotion methods with retailers and foodservice operators to build on strong brand equity to differentiate Alaska Seafood from competition
- Partner with restaurant chains to increase number of restaurants that feature Alaska Seafood as a branded menu item
- Conduct quality assurance education, provide technical support for seafood industry
- Build a customer base in segments that offer best sales opportunities (e.g., colleges and universities, catering, non-commercial foodservice)
- Aid all parts of the Alaska Seafood industry, including large and small processors, regional marketers and harvesters with resources and information
- Provide technical support to the seafood industry
- Communicate with Alaska seafood suppliers, policy makers and the seafood industry about ASMI's long-range marketing plans

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$17,667,400

Personnel:

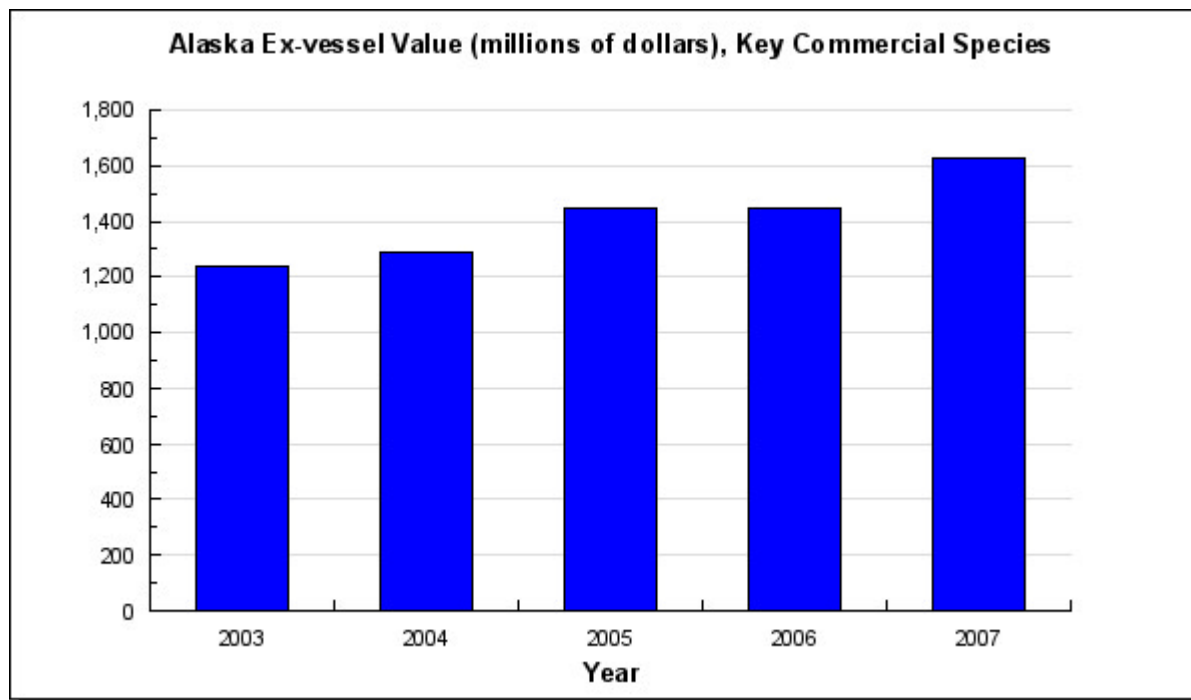
Full time	19
Part time	0
Total	19

Performance

A: Result - Increased economic value of Alaska seafood resources.

Target #1: Increase by 0.5% the ex-vessel value of key commercial species in Alaska's commercial harvest.

Status #1: Value (ex-vessel) of key commercial species in Alaska's commercial harvest continued upward value trend, increasing 12.5% from 2006-2007, and reaching \$1.6 billion in 2007, providing increased revenue to state and local governments and the private sector.



Methodology: ADF&G, NMFS, SMIS estimates of combined value of salmon, pollock, P-cod, sablefish & halibut, shellfish, other groundfish.

Alaska Ex-vessel Value (millions of dollars), Key Commercial Species

Year	Millions of Dollars
2007	1,627 +12.52%
2006	1,446 +0.07%
2005	1,445 +12.28%
2004	1,287 +3.87%
2003	1,239

Analysis of results and challenges: ASMI focuses on raising economic value rather than increasing sales volume because Alaska's fisheries are limited in their ability to increase production levels beyond what nature will allow (no finfish farming is allowed in Alaska). Because Alaska only produces about 2% of the world's seafood it cannot compete on commodity pricing, especially with a fishery that relies on labor intensive efforts to catch fish, which is a conscious decision on the part of Alaskans to provide a solid job base. Raising the economic value means increasing the price in the marketplace which, if successful, translates into higher dock prices (ex-vessel) paid to fishermen, and additional jobs in fishing, processing, and related support industries in the state.

Ex-vessel value of key commercial species in Alaska's commercial harvest is increasing due in part to significant state and federal investment in marketing and infrastructure. Value (ex-vessel) of key commercial Alaska seafood species increased 12.5% between 2006 and 2007, exceeding the target of 0.5%. The ex-vessel value increased to \$1.6 billion in 2007--up from \$1.4 billion in 2006.

The harvest was 2.49 million metric tons, however despite the 2% decline in volume, value still increased. The first wholesale value of Alaska's seafood harvest reached \$3.6 billion, of which Alaska harvesters got 38%. This reflects continuation of an upward trend of value in which increases in value outpace volume increases. Continuing support for the marketing effort is essential to continue the upward value trend..

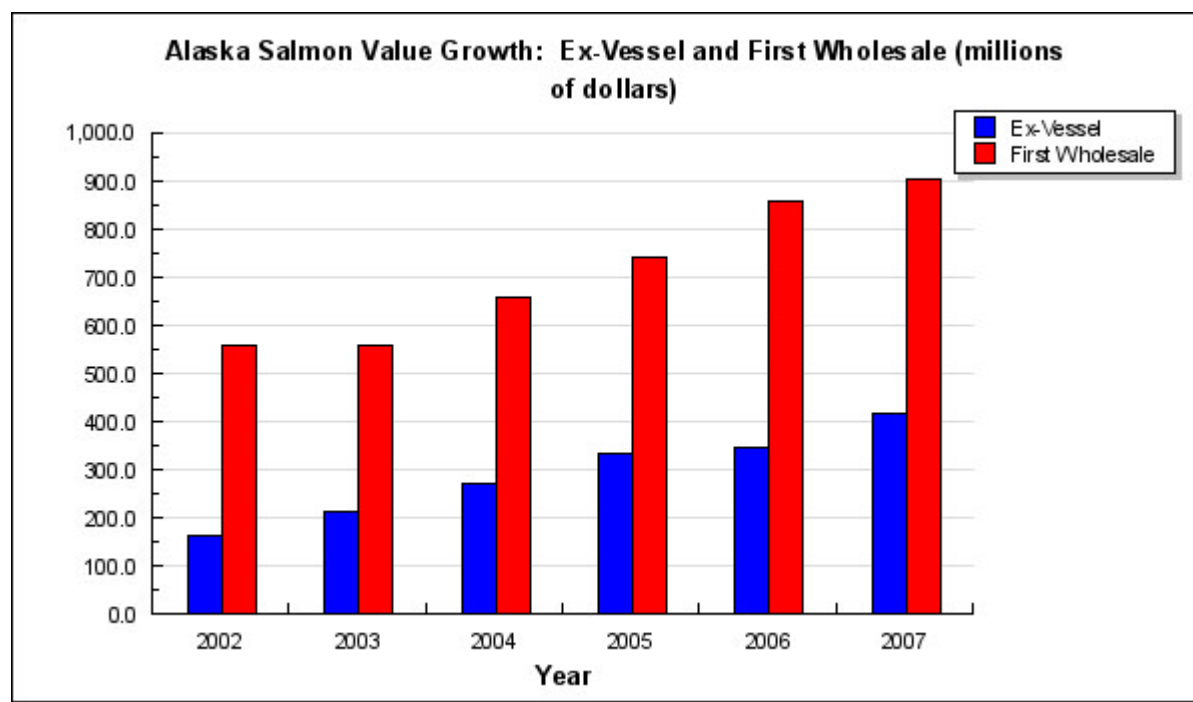
Challenges include:

- Price resistance --- Following periods of increase in value for particular species, Alaska producers are encountering price resistance in certain markets
- Seasonality, consistency of supply
- Inelastic supply
- International currency fluctuations, tariffs and trade barriers affecting international trade
- Low prices on competing proteins (chicken, beef, pork, dairy) with generally well-funded campaigns promoting other proteins

The decrease in federal funds available to support infrastructure and marketing challenge ASMI's ability to increase overall harvest value. If those funds are not replaced, ASMI's ability to continue its marketing activities will be reduced, especially in the domestic market where nearly 50% of Alaska seafood is sold. The result could be a reversal of the increased overall price trends, which for salmon alone have nearly doubled, from \$212 million in 2003 to \$417 million in 2007.

Target #2: Increase by 0.5% the first wholesale value of selected Alaska salmon products.

Status #2: First wholesale value of Alaska salmon increased 5.6% from 2006 to 2007, exceeding \$900 million, and continuing an upward trend established over the previous five years that boosts state and local economies and the private sector.



Methodology: ADF&G, AK Dept. of Revenue. Selected products: Fresh and frozen H&G, fresh and frozen fillet, salmon roe, canned salmon

Alaska Salmon Value Growth: Ex-Vessel and First Wholesale (millions of dollars)

Year	Ex-Vessel	First Wholesale
2007	416.8 +20.32%	905.6 +5.63%
2006	346.4 +3.71%	857.3 +15.66%
2005	334.0 +22.66%	741.2 +12.78%
2004	272.3 +28.5%	657.2 +17.53%
2003	211.9 +30.32%	559.2 -0.02%
2002	162.6	559.3

Analysis of results and challenges: There are two different kinds of value figures appearing here to quantify progress in raising the value of the harvest: “ex-vessel” value (paid to the fisherman) and “first wholesale value.”

Alaska salmon fisheries account for about a quarter of the ex-vessel value of the Alaska seafood harvest. The ex-vessel value of the salmon catch increased 20% to reach \$416 million in 2007--a 12-year high point.

Although this reflects vigor returning to the salmon industry, a more complete picture of economic rejuvenation can be provided by examining first wholesale value of salmon because, as first wholesale values have recovered, the ratio paid to harvesters increases and many Alaskans participate in the fishery.

The increase in first wholesale value of Alaska salmon from 2006 to 2007 was 5.6%, exceeding the target of 0.5%. First wholesale value of Alaska salmon products exceeded \$900 million, continuing the upward trend established over the last five years.

In order to continue the upward value trend, continuing support for the marketing effort is essential. Increasing appreciation of and demand for wild salmon maximizes the benefit of the seafood industry's continued transition to becoming a market-driven food industry, and of the significant state and federal investment in marketing and infrastructure. The industry is responding to consumer preferences for fillets, boneless and skinless portions, new shelf-stable products, and new value-added products, including many products made using frozen pink salmon that in previous years would have been canned.

Alaska residents are benefiting from the increase in value of the salmon harvest.

- Over half the total commercial permits fished are salmon permits. The majority of active salmon fishermen (75%) are Alaska residents.
- As wholesale values began to recover in 2004 and climbed to over \$900 million by 2007, harvesters were paid an average 43% of wholesale value; the peak ratio of 46% coincides with peak wholesale value of \$905 million in 2007. (The ratio paid to fishermen increased from the 2000-2003 average, which was 37%.)
- Participation in Alaska salmon fisheries has rebounded with salmon values. Of the 871 state salmon permits that returned to fishing between 2002 and 2007, a total of 640 permits (74%) were held by Alaska residents.
- 222 Alaska communities involved with Alaska salmon benefit from improvements in the market. 886 Alaska salmon processors, ranging from harvesters processing their own catch to medium and large processing companies, benefit from improvements in the market.

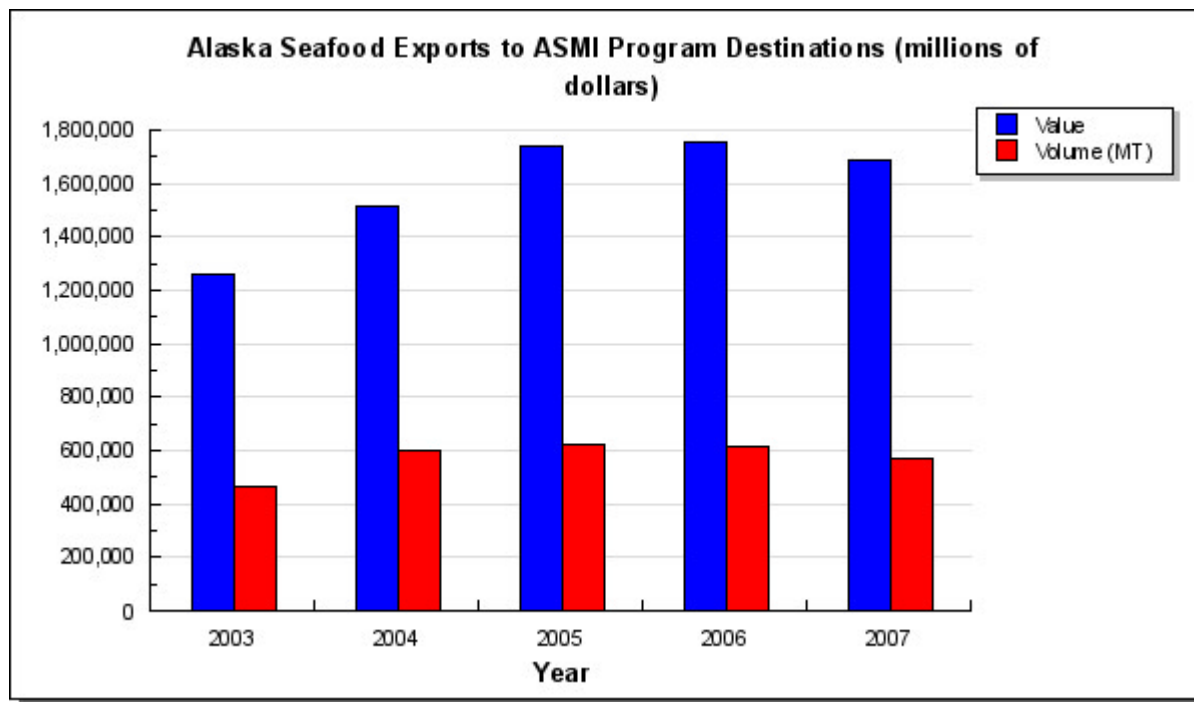
Challenges include:

- Price resistance ---As salmon products command higher value, Alaska producers are encountering price resistance in certain markets.
- Seasonality, consistency of supply --- Harvest levels are subject to fluctuation on a seasonal basis and from year to year. These factors, when combined with the attendant price fluctuations, make it more difficult to compete with aqua culture products.
- Inelastic supply --- Wild seafood resource supply is limited relative to often subsidized foreign farmed salmon production.
- Increasing fuel and transportation costs.
- International currency fluctuations and foreign exchange rates, tariffs and trade barriers affecting international trade.

- Low prices on competing proteins (farmed salmon, chicken, beef, pork, dairy); well-funded campaigns promoting other proteins.
- Decrease in federal funds available to support infrastructure and marketing will challenge our ability to increase the first wholesale value of Alaska salmon products.

Target #3: Increase by 0.5% the aggregate value of Alaska seafood exports to ASMI program destination countries.

Status #3: Alaska seafood exports to ASMI program destination countries exceeded \$1.7 billion. This represents an increase in value of 34% from 2003 to 2007, well above our .5% target, and 6% more than the value of exports to countries where ASMI does not have ongoing marketing activity.



Methodology: National Marine Fisheries Service (NMFS)

Alaska Seafood Exports to ASMI Program Destinations (millions of dollars)

Year	Value	Volume (MT)
2007	1,685,840 -3.82%	572,012 -6.82%
2006	1,752,865 +0.84%	613,886 -1.69%
2005	1,738,328 +14.7%	624,443 +4.68%
2004	1,515,485 +20.19%	596,553 +28.31%
2003	1,260,867	464,936

Analysis of results and challenges: Export value to ASMI program countries grew at nearly double the rate of export value to non-ASMI program countries from 2001 to 2005. Value of Alaska seafood exports to ASMI program destination countries exceeded \$1.7 billion, an increase of 34% from 2003 to 2007, compared to only a 28% increase in value for countries where ASMI does not have ongoing marketing activity.

The volume and value of seafood exports declined slightly from 2006 to 2007, with value declining 3.8% from 2006 to 2007; however, the value of exports to ASMI program destinations did not erode commensurate with volume of exports.

More than half of the seafood harvest is exported. Note that the value basis for exports is the so-called “free alongside” value at the port of export, which captures the value of the finished product ready to export.

In accordance with federal requirements for the USDA Market Access Program and with industry guidance, ASMI conducts research to determine which countries offer the greatest potential for Alaska seafood exports. Some promotional resources and activities have shifted from Asia to Europe to more fully realize the potential of markets there. A global emerging markets study was conducted that pointed to emerging markets in Eastern Europe and Russia as having the highest potential for growth, and ASMI has added exploratory programs accordingly.

One of the challenges ASMI is meeting at this time is international confusion over labels such as:

- Proliferation of labels denoting sustainably produced seafood (eco-labels)
- Country of origin labeling
- Eco-labels vs. Alaska Seafood branding

These require strengthened education of customers at consumer and trade levels about the Alaska seafood brand and about Alaska as the model of sustainable fisheries management. ASMI has developed new materials (in print and published on the website) to initiate this education process, and conducted an international sustainability forum in July 2008.

In addition to confusion over eco-labels and the meaning of sustainability, other challenges include international currency fluctuations, tariffs and trade barriers affecting international trade, price resistance, seasonality and consistency of supply, inelasticity of supply, increasing transportation costs, low prices on competing proteins, and well-funded campaigns promoting other proteins.

Target #4: Make Alaska seafood the most popular food brand on U.S. restaurant menus.

Status #4: Alaska seafood is among the three most popular food brands on U.S. menus, and has reached third and second place, but has not yet reached the targeted top spot.

Analysis of results and challenges: Alaska seafood has increased its brand equity in the U.S. Measuring its popularity on the menus of the top 500 restaurant chains in the U.S. is one way to chart its progress, and ASMI has this research conducted periodically. This is a result of the long term effort ASMI has conducted to educate and partner with chefs and foodservice operators, and also a reflection of the success of outreach directly to consumers.

* As a result of ASMI foodservice promotions and informing the public about wild Alaska seafood, a wide majority of U.S. restaurant diners have a positive impression of the Alaska seafood brand (77%).

* The trade component of the U.S. national advertising campaign for Alaska seafood was circulated to retail and foodservice buyers making purchasing decisions for 17,000 retail grocery locations and 903,000 foodservice outlets.

* Alaska salmon is preferred 84% to 16% over Atlantic salmon in restaurants.

* The Alaska seafood brand is the second most popular food brand on menus of the top 500 U.S. restaurant chains.

A1: Strategy - Conduct consumer campaigns, retail and foodservice promotions, public/media relations and technical education in the U.S. and overseas to increase the value of Alaska seafood resources.

Target #1: Sustain U.S. consumer activities at FY08 level to generate positive Alaska seafood household and individual impressions, and maintain brand awareness.

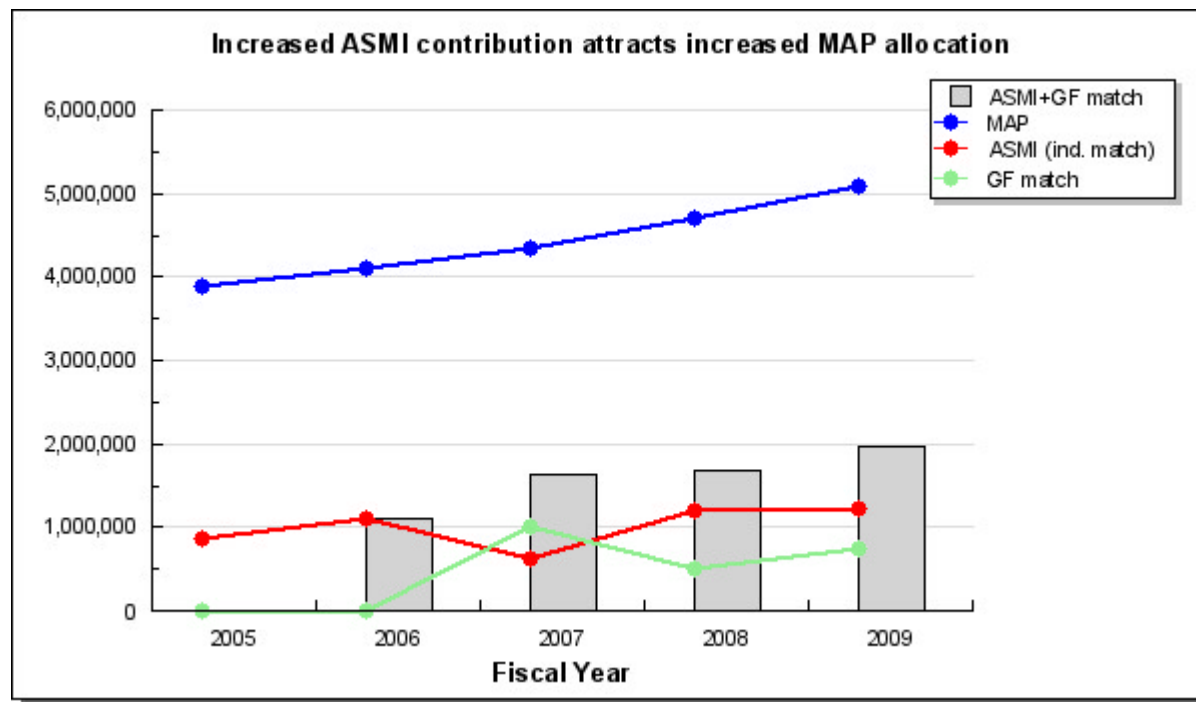
Status #1: FY08 U.S. household impressions generated with cable TV totaled 225 million, consumer magazine ad circulation totaled 7.4 million, and trade ad circulation totaled 1,176,400.

Analysis of results and challenges: The major challenge facing Alaska's seafood promotion effort is sustaining the level of promotional activity in the U.S. and overseas despite sharp reductions in federal dollars. ASMI is a public-private partnership with core funding from the industry and support from state and federal grants. To maintain the marketing program raising the brand value in the United States, lost federal funds need to be replaced with state general fund dollars. Funding from industry consists of a voluntary seafood marketing assessment, voted in by the seafood processors and remitted to the Alaska Department of Revenue. Funding from federal sources include federal

grants and federal Market Access Program (MAP) funds. In recent years, ASMI received substantial allocations of federal dollars through the Alaska Fisheries Marketing Board (AFMB) and the Alaska Governor's Office which were used to promote Alaska Seafood. The expenditure of dollars from these temporary sources was purposely spread over several years, to extend the positive impact. ASMI was forced to curtail its overall promotional effort in FY 09.

Target #2: Maintain Alaska Seafood Marketing Institute's share of U.S.D.A. Foreign Agricultural Service allocation of Market Access Program dollars that fund international marketing activities.

Status #2: Market Access Program allocation to ASMI for FY09 was \$5.1 million, compared with \$4.7 million for FY08, an 8.5% increase.



Methodology: USDA Foreign Agricultural Service, ASMI, dollars to nearest hundred thousand.

Increased ASMI contribution attracts increased MAP allocation

Fiscal Year	MAP	ASMI (ind. match)	GF match	ASMI+GF match
FY 2009	5,100,000	1,230,000	750,000	1,980,000
FY 2008	4,700,000	1,189,000	500,000	1,689,000
FY 2007	4,355,000	621,000	1,000,000	1,621,000
FY 2006	4,100,000	1,095,000	0	1,095,000
FY 2005	3,900,000	859,000	0	0

Analysis of results and challenges: Alaska Seafood Marketing Institute applies for U.S.D.A. Foreign Agricultural Service (FAS) funds from the Market Access Program (MAP) through annual application to the federal government. The amount of MAP funds awarded to ASMI, and the timing of their receipt, are subject to annual congressional budget appropriation activities, as well as the politics surrounding the Farm Bill.

Full funding levels in FY10 will restore advertising and public relations activities in the U.S. market, increase international funding to replace lost buying power overseas, particularly in Europe, and help Alaska combat increasing pressure to increase its match for MAP funds which, at 44%, is one of the lowest among program participants from other states.

RDU/Component: Banking and Securities*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Protect consumers of financial services and maintain safe and sound state financial systems.

Core Services

- Register securities and license and examine those who sell and provide advice on securities.
- Charter, license and examine state financial institutions.
- Require accurate disclosure of election materials from Alaska Native Claims Settlement Act (ANCSA) corporations and shareholders and investigate proxy-related complaints.

End Result	Strategies to Achieve End Result
A: ANCSA proxy and elections materials are filed. <u>Target #1:</u> Receive filings from all ANCSA regional and village corporations that are statutorily required to file with the Division. <u>Status #1:</u> Met target. The Division received filings from all ANCSA corporations which were required to file.	A1: Investigate complaints that ANCSA proxy and election-related materials do not comply with statute and regulations. <u>Target #1:</u> Enforce compliance with the requirements under statute and regulations regarding ANCSA proxy and election-related materials. <u>Status #1:</u> Met target. Although the number of complaints increased, 100% of the complaints received were investigated and compliance achieved.
End Result	Strategies to Achieve End Result
B: Protect Alaska investors. <u>Target #1:</u> Enforce compliance with the Alaska Securities Act by all regulated broker-dealers and investment advisors. <u>Status #1:</u> Met target. Enforcement actions against registered broker-dealers increased in FY 2008, demonstrating expanded enforcement activity for compliance with the Alaska Securities Act.	B1: Examine investment advisors and broker-dealers. <u>Target #1:</u> 100 percent of investment advisors are examined within a two-year period. <u>Status #1:</u> Met target. A sufficient number of advisors were examined this year to achieve target of 100 percent examined within a two-year period. <u>Target #2:</u> Examine broker-dealers on a for-cause basis. <u>Status #2:</u> Met target. Two complaints were lodged in FY08, and examinations will occur after investigations upon showing of cause are completed. B2: Register securities and those who sell securities. <u>Target #1:</u> Register securities offerings that are in compliance. <u>Status #1:</u> Met target. Number of securities offerings which were registered by the Division increased slightly

	<p>in FY08, and regulatory scrutiny resulted in an increased number of denied applications.</p> <p><u>Target #2:</u> Register sellers of securities that are in compliance.</p> <p><u>Status #2:</u> Met target of registering sellers of securities that were in compliance. Increased scrutiny resulted in a decrease in the percentage of sellers being approved in FY08.</p>
End Result	Strategies to Achieve End Result
<p>C: Protect Alaska borrowers.</p> <p><u>Target #1:</u> Ensure all violations cited during examinations of financial institutions are resolved.</p> <p><u>Status #1:</u> Met target. No enforcement actions issued in FY08 due to unresolved violations.</p>	<p>C1: Take enforcement action against unlicensed financial institutions.</p> <p><u>Target #1:</u> Identify unlicensed financial institutions and payday lenders.</p> <p><u>Status #1:</u> Met target. There were no unlicensed financial institutions; however, a number of unlicensed payday lenders (non-depository lenders) were identified, and investigations are in process.</p>
End Result	Strategies to Achieve End Result
<p>D: Safe and sound state financial institutions.</p> <p><u>Target #1:</u> No state banks in receivership.</p> <p><u>Status #1:</u> Met target. No state banks in receivership.</p>	<p>D1: Examine state financial institutions.</p> <p><u>Target #1:</u> Complete 100 percent of examinations on or before statutory deadlines.</p> <p><u>Status #1:</u> Target not met. 100% of state chartered bank and credit union exams and payday lender exams were completed on time in FY08. The percentages of on-time examinations in other categories increased over FY07.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Conduct examinations of licensed financial institutions and financial service businesses. • Coordinate examinations of depository institutions with the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration. • Prepare the Division's annual Directory of Banks and Financial Institutions. • Maintain accreditation with the Conference of State Bank Supervisors (CSBS). • Require licensed financial institutions to comply with statutes and take enforcement action against unlicensed financial services companies. • Investigate consumer complaints concerning state chartered or licensed financial institutions. • Service and respond to consumers' concerns and investigate complaints against non-depository lenders and financial services businesses. • License and examine mortgage lenders, brokers and originators. • License and examine state supervised investment 	<ul style="list-style-type: none"> • Conduct examinations of state investment advisors every 18 months to ensure compliance. • Process broker/dealer applications for registration in Alaska and complete background checks with the Central Registration Depository (CRD). • Register securities, broker/dealers, and process requests for securities exemptions. • Supervise the activities of registered broker/dealers, investment advisors, and registered investment representatives that are licensed in the State. • Provide educational outreach to the public with particular emphasis on seniors and youth. • Conduct seminars for Alaska consumers regarding investment accounts, fraud, choosing an investment professional, and other topics. • Educate the public on ways to avoid becoming a victim of financial fraud. • Provide educational programs on personal finances and money management; and work with outreach groups, such as AARP, to publicize these events.

Major Activities to Advance Strategies

- advisors.
- Conduct for-cause examinations of broker/dealers, and respond to consumer complaints regarding inappropriate sales of securities.
- Provide oversight of ANCSA proxies and materials received by the Division.
- Investigate complaints concerning material misstatements in proxies and related materials for certain ANCSA corporations and their shareholders.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$3,287,400****Personnel:**

Full time	22
Part time	0
Total	22

Performance**A: Result - ANCSA proxy and elections materials are filed.**

Target #1: Receive filings from all ANCSA regional and village corporations that are statutorily required to file with the Division.

Status #1: Met target. The Division received filings from all ANCSA corporations which were required to file.

Percent of Filings

Year	YTD Total
2008	100%
2007	100%

Analysis of results and challenges: Of the 69 ANCSA regional and village corporations that file, all required filings were received.

A1: Strategy - Investigate complaints that ANCSA proxy and election-related materials do not comply with statute and regulations.

Target #1: Enforce compliance with the requirements under statute and regulations regarding ANCSA proxy and election-related materials.

Status #1: Met target. Although the number of complaints increased, 100% of the complaints received were investigated and compliance achieved.

Year	YTD Total
2008	35
2007	27

Analysis of results and challenges: Of the 69 ANCSA regional and village corporations that file, the Division also receives filings from independent candidates running for seats on the corporation boards. The Division received 35 complaints in FY08 regarding the statutory or regulatory compliance of the filings.

B: Result - Protect Alaska investors.

Target #1: Enforce compliance with the Alaska Securities Act by all regulated broker-dealers and investment advisors.

Status #1: Met target. Enforcement actions against registered broker-dealers increased in FY 2008, demonstrating expanded enforcement activity for compliance with the Alaska Securities Act.

Number of enforcement actions/administrative orders against regulated firms

Fiscal Year	YTD Total
FY 2008	11
FY 2007	0
FY 2006	2

Analysis of results and challenges: Of the 257 registered broker-dealer firms and the 29 registered state investment advisors, 11 enforcement actions were initiated.

B1: Strategy - Examine investment advisors and broker-dealers.

Target #1: 100 percent of investment advisors are examined within a two-year period.

Status #1: Met target. A sufficient number of advisors were examined this year to achieve target of 100 percent examined within a two-year period.

Percent of examinations conducted over a two-year period.

Fiscal Year	YTD Total
FY 2008	100%
FY 2007	100%
FY 2006	20%

Analysis of results and challenges: In FY08-09, all required examinations have been scheduled meeting the examination cycle.

Target #2: Examine broker-dealers on a for-cause basis.

Status #2: Met target. Two complaints were lodged in FY08, and examinations will occur after investigations upon showing of cause are completed.

Number of for-cause examinations

Year	YTD Total
2008	0
2007	0

Analysis of results and challenges: Two complaints received in FY08 are being processed by Securities, and will most likely trigger examinations for cause after the complaint investigations have been resolved.

B2: Strategy - Register securities and those who sell securities.

Target #1: Register securities offerings that are in compliance.

Status #1: Met target. Number of securities offerings which were registered by the Division increased slightly in FY08, and regulatory scrutiny resulted in an increased number of denied applications.

Percent of securities offerings registered.

Fiscal Year	YTD Total
FY 2008	92%
FY 2007	91%
FY 2006	96%

Analysis of results and challenges: Of the 67 applications received to register securities offerings, 62 were found compliant and were registered and 5 were denied approval.

Target #2: Register sellers of securities that are in compliance.

Status #2: Met target of registering sellers of securities that were in compliance. Increased scrutiny resulted in a decrease in the percentage of sellers being approved in FY08.

Percent of sellers registered.

Fiscal Year	YTD Total
FY 2008	88%
FY 2007	99%
FY 2006	99%

Analysis of results and challenges: The number of FY08 applications nearly tripled over FY07. Of the 6,070 applications received, 5,425 sellers were found compliant and were registered; 645 sellers were not compliant and were denied registration, compared with 11 denials in FY07. The reduction in the percentage of sellers being approved is the result of increased scrutiny.

C: Result - Protect Alaska borrowers.

Target #1: Ensure all violations cited during examinations of financial institutions are resolved.

Status #1: Met target. No enforcement actions issued in FY08 due to unresolved violations.

Enforcement actions.

Fiscal Year	YTD Total
FY 2008	0
FY 2007	1
FY 2006	0

Analysis of results and challenges: No enforcement actions were issued, demonstrating that regulated financial institutions are generally willing and able to resolve any identified violations.

C1: Strategy - Take enforcement action against unlicensed financial institutions.

Target #1: Identify unlicensed financial institutions and payday lenders.

Status #1: Met target. There were no unlicensed financial institutions; however, a number of unlicensed payday lenders (non-depository lenders) were identified, and investigations are in process.

Number of unlicensed financial institutions

Fiscal Year	YTD Total
FY 2008	15
FY 2007	1
FY 2006	3

Analysis of results and challenges: Fifteen unlicensed payday lenders were identified. Of these, twelve

investigations are in process. No enforcement actions were taken in FY08.

D: Result - Safe and sound state financial institutions.

Target #1: No state banks in receivership.

Status #1: Met target. No state banks in receivership.

State banks in receivership.

Fiscal Year	YTD Total
FY 2008	0
FY 2007	0
FY 2006	0

Analysis of results and challenges: No state banks are in receivership, an indicator of safe and sound state financial institutions.

D1: Strategy - Examine state financial institutions.

Target #1: Complete 100 percent of examinations on or before statutory deadlines.

Status #1: Target not met. 100% of state chartered bank and credit union exams and payday lender exams were completed on time in FY08. The percentages of on-time examinations in other categories increased over FY07.

Exams completed on time.

Fiscal Year	Banks/Credit Unions	Small Loan Company	Premium Finance Company	Payday Lender
FY 2008	100%	100%	29%	100%
FY 2007	100%	33%	22%	54%

Analysis of results and challenges: 100% of all bank and credit union exams due in FY08 were completed on time.

Seven of eight licensed small loan companies have relinquished their state licenses; the examination of the remaining licensee is current.

Five out of seven premium finance exams are past due.

Twenty-five examinations of payday lenders were conducted in FY08; all examinations are current.

RDU/Component: Community Development Quota Program*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Develop annual reports, regulations and investigate fraud.

Core Services

- Review annual reports submitted by CDQ groups and act to prevent fraud.

Major Activities to Advance Strategies

- Determine harvest amounts of fish to allocate to community development groups in the Bering Sea and the Aleutian Islands.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$57,600

Personnel:

Full time 0

Part time 0

Total 0

RDU/Component: Insurance Operations*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

To assure competitive, viable, ethical and lawful insurance is available to Alaskans.

Core Services

- Licensing
- Compliance
- Investigations
- Filing Approval
- Public Information

End Result	Strategies to Achieve End Result
<p>A: Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent.</p> <p><u>Target #1:</u> No domestic insurance company becomes insolvent</p> <p><u>Status #1:</u> Target met of no domestic insurance companies becoming insolvent during the fiscal year.</p> <p><u>Target #2:</u> 75% of investigations approved by the Director are completed within one year.</p> <p><u>Status #2:</u> Target of 75% not met, as 70% of the investigations were completed within one year.</p>	<p>A1: Timely financial examinations of domestic insurers</p> <p><u>Target #1:</u> 100% of financial examinations of domestic insurance companies are completed every three years</p> <p><u>Status #1:</u> Target of 100% of financial examinations of domestic insurance companies are completed every three years was achieved.</p> <p>A2: Efficient licensing of both insurers and persons transacting insurance business</p> <p><u>Target #1:</u> Producer applications processed within 10 days.</p> <p><u>Status #1:</u> Target of producer applications processed within 10 days was exceeded, with an average application processing time of 5 days in FY2008 for new licenses.</p> <p><u>Target #2:</u> 80% of insurance company applications processed and licenses issued within 60 days.</p> <p><u>Status #2:</u> Exceeded target of 80% with 81.83% of company applications processed in 60 days or less.</p> <p><u>Target #3:</u> Surplus lines (Unusual or Extraordinary Insurance types) applications are approved or denied within 90 days of receipt of a complete application.</p> <p><u>Status #3:</u> 14 of 15 surplus lines (Unusual or Extraordinary Insurance types) applications were completed within 90 days.</p> <p>A3: Market conduct examinations are used to assess market practices</p> <p><u>Target #1:</u> Perform market conduct examinations and market analysis to resolve compliance and market</p>

	access issues. Status #1: Target met, the division performed 12 market conduct exams.
End Result	Strategies to Achieve End Result
<p>B: Competitive, up-to-date insurance products are available to Alaskan consumers</p> <p>Target #1: No more than 65% of the Property and Casualty market is shared by the top 5 insurers.</p> <p>Status #1: Target of no more than 65% of the Property and Casualty market shared by the top 5 insurers was exceeded as 36.7% of the market was captured by the top 5.</p> <p>Target #2: 80% of rate and policy form filing approvals completed within 30 days.</p> <p>Status #2: Goal of 80% of filings completed in 30 days not met with a rate of 66.9% this year.</p>	<p>B1: Conduct public outreach programs to provide educational assistance in understanding insurance products and processes.</p> <p>Target #1: 6 outreach programs conducted annually</p> <p>Status #1: This goal was achieved. The director spoke to six organizations, including chambers of commerce, industry, and consumer groups.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> Review and revise company licensing instructions on forms and website for clarity and completeness. Quarterly meetings with Attorney General staff to review current licensing actions/issues. Perform examinations both as desk audits and on-site audits to confirm compliance. Implement an integrated complaint and investigation tracking system. Training for investigator unit with various law enforcement agencies. Fund an assistant Attorney General with the criminal division to work with the Division of Insurance. Perform onsite/desk audits of insurers and surplus lines brokers for premium tax and fee payments. Review surplus lines insurers' financial statements utilizing software that searches for factors outside the norm, and review by staff. Staff participation in National Association of Insurance Commissioners meetings, seminars and other related training. Visit insurers to present favorable market conditions and statistics. Participate in the National Association of Insurance Commissioners "market analysis" project to modernize our approach to market oversight. Require companies to use filing checklists. 	<ul style="list-style-type: none"> Increase access to the National Association of Insurance Commissioners data base for ability to utilize the national tools available. Perform assessment of a Surplus Lines Association through a cost/benefit analysis. Develop a frequently asked questions format for publication on the web site and paper distribution. Coordinate with Corporations, Business and Professional Licensing to provide consumer education and consumer outreach. Prepare updates to the various consumer guides. Develop a public information officer to provide consistent information to the public and oversee division website. Update the public request for information process to provide efficient responses and to provide documentation of compliance with deadlines. Implement a process for desk audits or on-site audits to improve filing quality. Investigate a new connection to the System for Electronic Rate and Form Filing to allow filings analysts to efficiently process filings. Prepare Division annual report. Visit consumer groups to do informational meetings on topics of current interest. Publish consumer education materials in print, advertising, and public service announcement formats.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$6,606,200

Personnel:

Full time	53
Part time	0
Total	53

Performance

A: Result - Insurance companies and persons transacting insurance comply with Alaska laws and are financially solvent.

Target #1: No domestic insurance company becomes insolvent

Status #1: Target met of no domestic insurance companies becoming insolvent during the fiscal year.

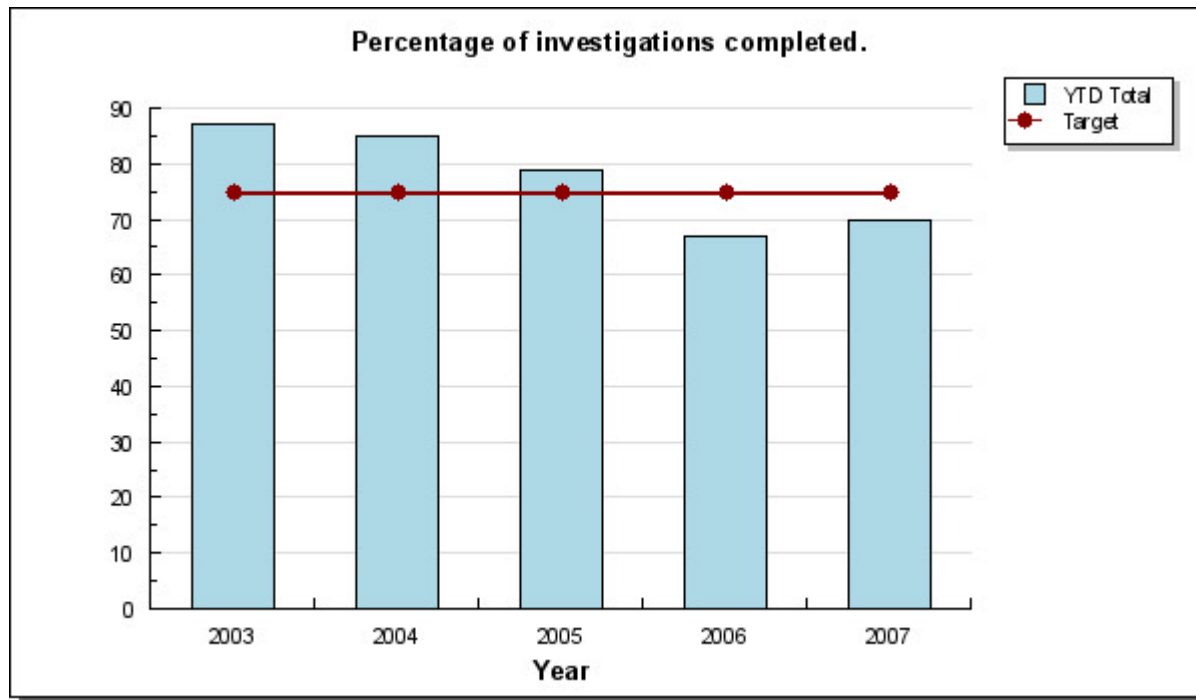
Number of insolvent insurers.

Year	YTD Total
2008	0
2007	1
2006	0
2005	0
2004	0
2003	0

Analysis of results and challenges: A Multiple Employer Welfare Association (MEWA) submitted a financial report in 2007 which may indicate that it does not have the funds to pay claims. The division is currently working with the MEWA to insure that claims can be paid, and will take whatever action is appropriate to protect policyholders.

Target #2: 75% of investigations approved by the Director are completed within one year.

Status #2: Target of 75% not met, as 70% of the investigations were completed within one year.



Methodology: This information is based upon an annual, rather than FY calendar.

Percentage of investigations completed.

Year	YTD Total	Target
2007	70 +4.48%	75 0%
2006	67 -15.19%	75 0%
2005	79 -7.06%	75 0%
2004	85 -2.3%	75 0%
2003	87	75

Analysis of results and challenges: Note that the number and complexity of investigations varies from year to year. Consequently, the percentage of completed investigations will vary.

A1: Strategy - Timely financial examinations of domestic insurers

Target #1: 100% of financial examinations of domestic insurance companies are completed every three years

Status #1: Target of 100% of financial examinations of domestic insurance companies are completed every three years was achieved.

Percent of completed financial examinations completed every three years.

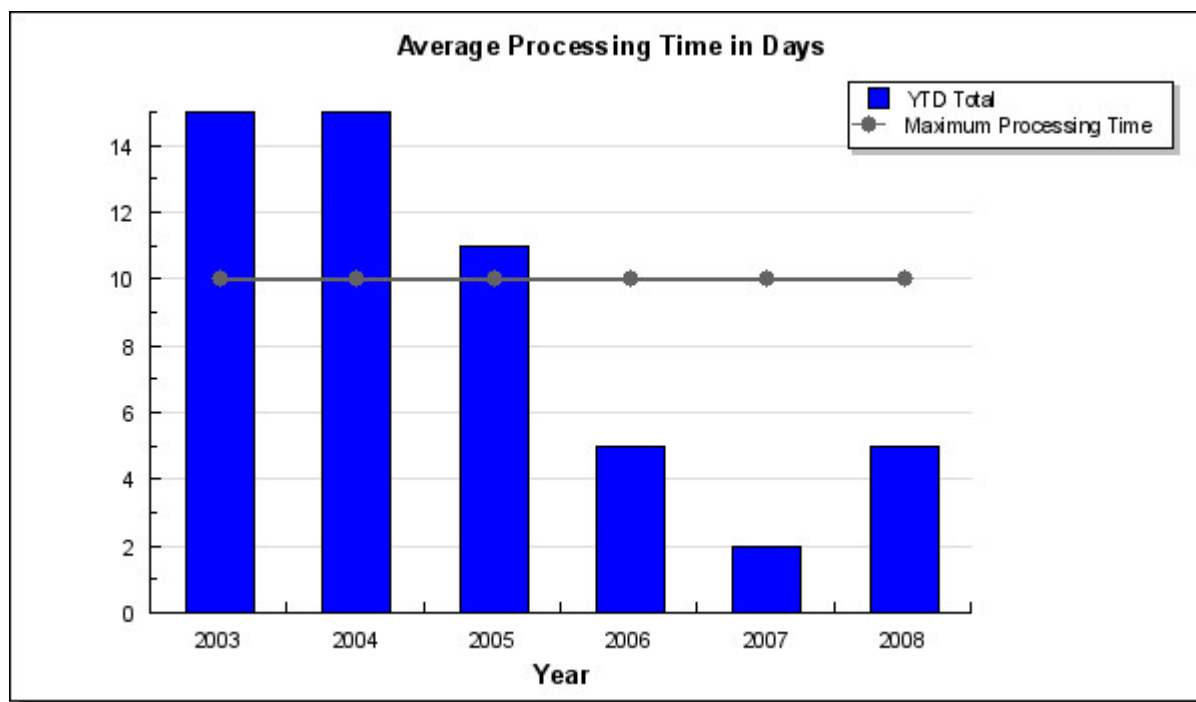
Year	YTD Total
2008	100%
2007	100%
2006	100%
2005	100%
2004	100%
2003	100%

Analysis of results and challenges: It is a Division priority to examine domestic insurance companies every three years. This is both to assure ourselves of the solvency of the companies, and to meet NAIC accreditation requirements. It is one of the most important functions of the Division—the most important consumer protection is to make sure that an insurance company is able to pay claims. Consequently, it is very likely that the Division will continue to meet this goal. Although it may seem redundant to maintain a goal that the Division consistently meets, assuring solvency is so important to the public that it should continue to remain one of the Division's top goals.

A2: Strategy - Efficient licensing of both insurers and persons transacting insurance business

Target #1: Producer applications processed within 10 days.

Status #1: Target of producer applications processed within 10 days was exceeded, with an average application processing time of 5 days in FY2008 for new licenses.



Methodology: Line is the maximum processing time.

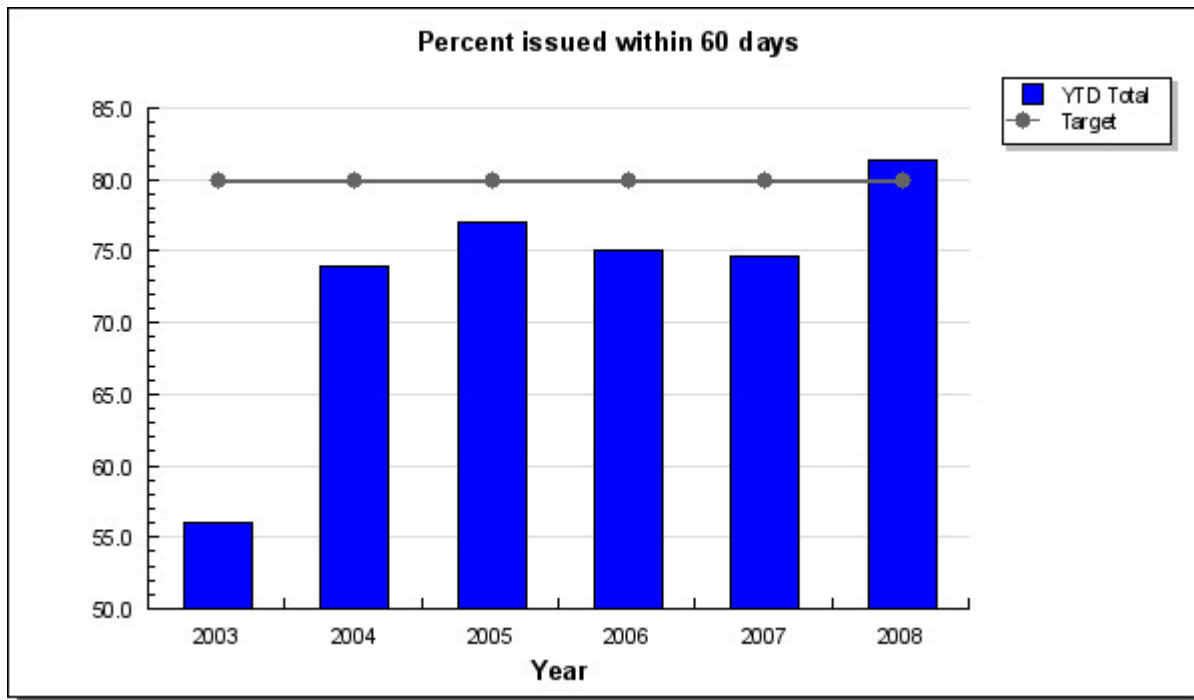
Average Processing Time in Days

Year	YTD Total	Maximum Processing Time
2008	5	10
2007	2	10
2006	5	10
2005	11	10
2004	15	10
2003	15	10

Analysis of results and challenges: The Division has increased its efficiency in this category. The average time to process applications is half of the targeted maximum processing time. Electronic processing has helped to increase our efficiency and meet our needs. High turnover was responsible for the spike in 2008. Positions have now been filled.

Target #2: 80% of insurance company applications processed and licenses issued within 60 days.

Status #2: Exceeded target of 80% with 81.83% of company applications processed in 60 days or less.

**Percent issued within 60 days**

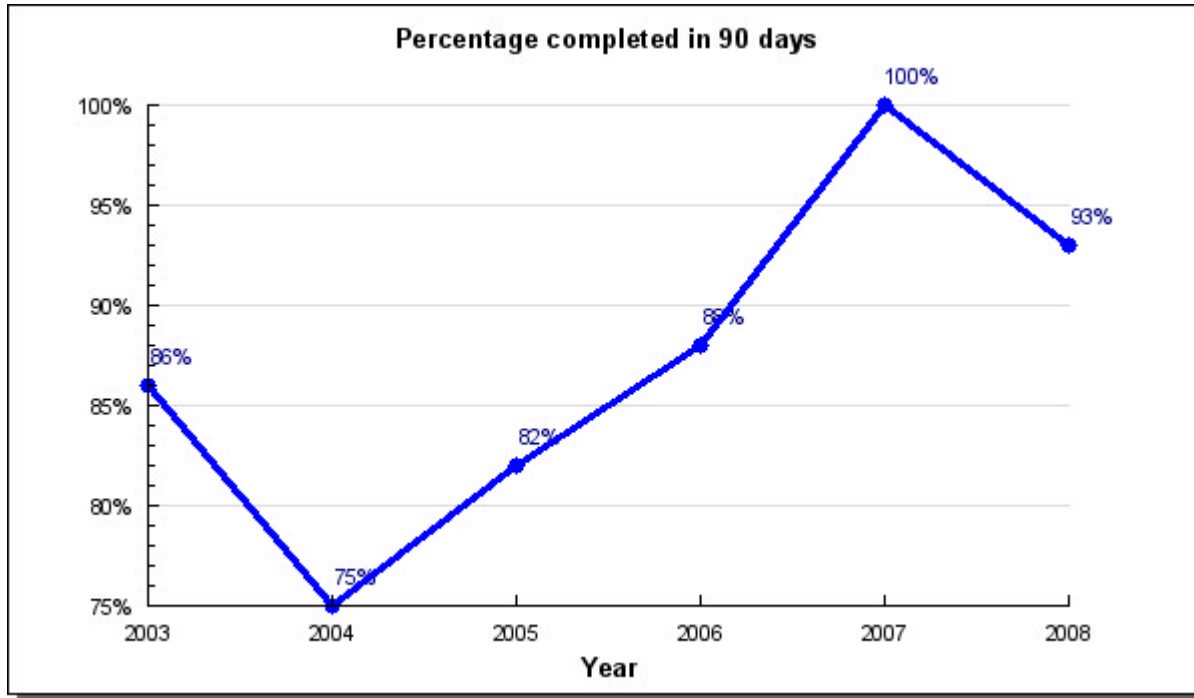
Year	YTD Total	Target
2008	81.3 +8.84%	80 0%
2007	74.7 -0.4%	80 0%
2006	75 -2.6%	80 0%
2005	77 +4.05%	80 0%
2004	74 +32.14%	80 0%
2003	56	80

Analysis of results and challenges: Electronic filing has assisted the Division in meeting its goal of processing

applications within 60 days.

Target #3: Surplus lines (Unusual or Extraordinary Insurance types) applications are approved or denied within 90 days of receipt of a complete application.

Status #3: 14 of 15 surplus lines (Unusual or Extraordinary Insurance types) applications were completed within 90 days.



Percentage completed in 90 days

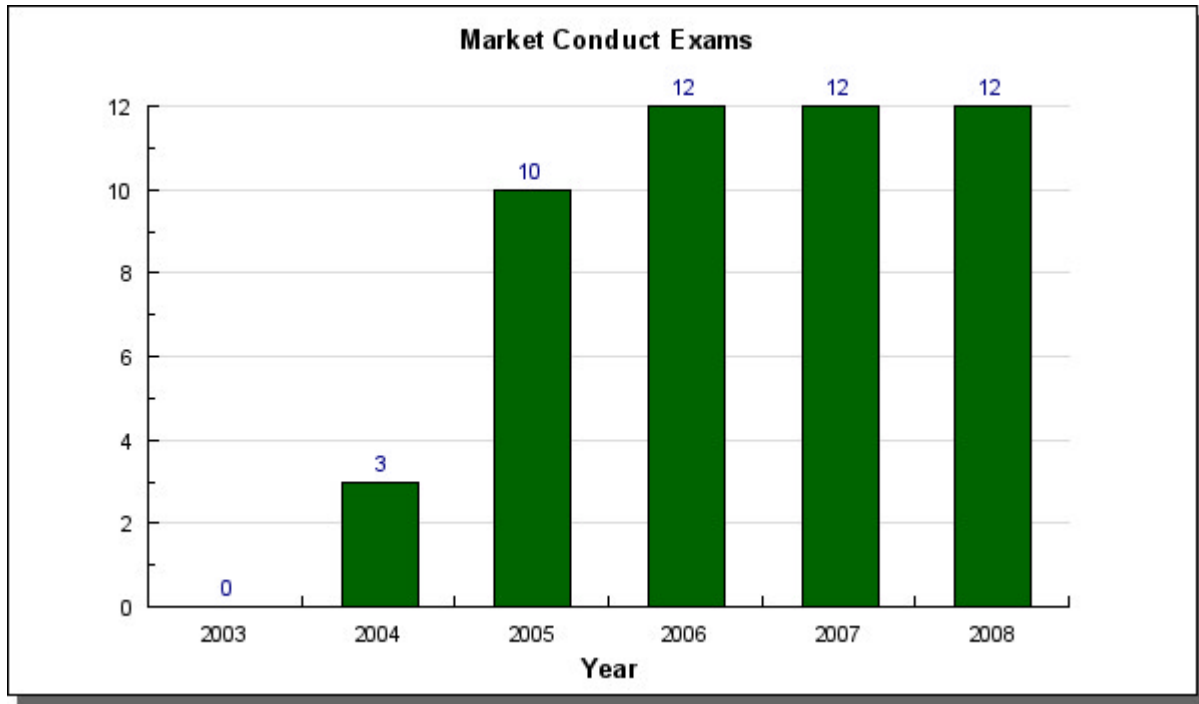
Year	YTD Total
2008	93%
2007	100%
2006	88%
2005	82%
2004	75%
2003	86%

Analysis of results and challenges: Although we were not able to complete 100% surplus lines applications within 90 days, we are still well ahead of where we were a few short years ago. Because of the nature of the product, the degree of judgment that can affect a decision on the issue, and the amount of information we may need to gather prior to making a decision, it is probable that from time to time we will not be able to decide on 100% of applications within 90 days.

A3: Strategy - Market conduct examinations are used to assess market practices

Target #1: Perform market conduct examinations and market analysis to resolve compliance and market access issues.

Status #1: Target met, the division performed 12 market conduct exams.

**Market Conduct Exams**

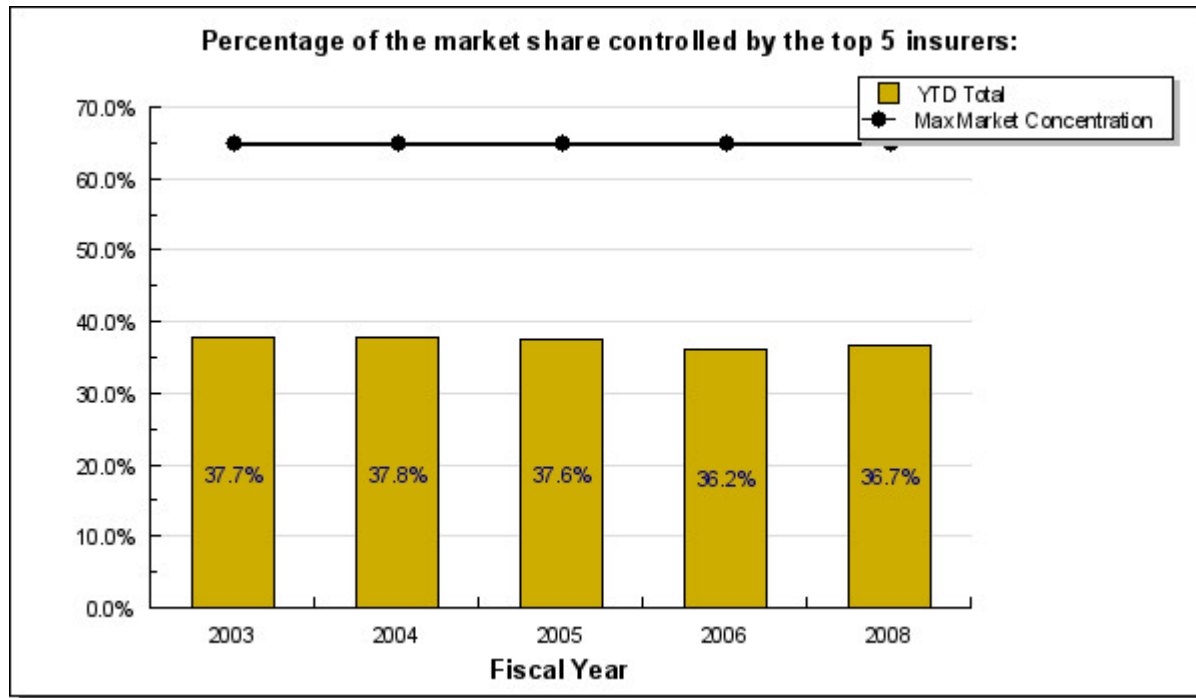
Year	YTD Total
2008	12
2007	12
2006	12
2005	10
2004	3
2003	0

Analysis of results and challenges: Market conduct exams are used to assess compliance with the law, best practices, and to correct behavior. The division participates in in-state and multi-state examinations (collaborative examinations among jurisdictions). The issues involved are varied and can range from review of sales materials, advertising, claims review and agent training. The number of issues set out in this chart represent major compliance matters that have been corrected during the relevant time-frame.

B: Result - Competitive, up-to-date insurance products are available to Alaskan consumers

Target #1: No more than 65% of the Property and Casualty market is shared by the top 5 insurers.

Status #1: Target of no more than 65% of the Property and Casualty market shared by the top 5 insurers was exceeded as 36.7% of the market was captured by the top 5.



Methodology: Line is the maximum allowed market concentration.

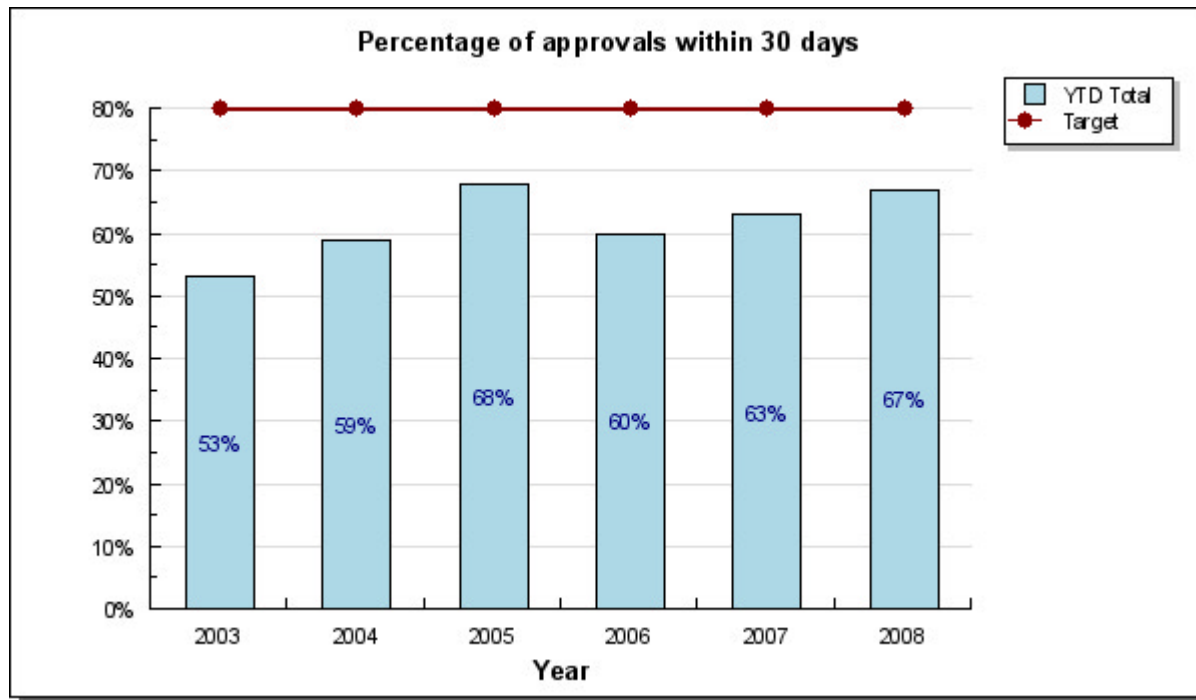
Percentage of the market share controlled by the top 5 insurers:

Fiscal Year	YTD Total	Max Market Concentration
FY 2008	36.7%	65%
FY 2006	36.2%	65%
FY 2005	37.6%	65%
FY 2004	37.8%	65%
FY 2003	37.7%	65%

Analysis of results and challenges: It appears that there is no undue concentration in the Property and Casualty markets.

Target #2: 80% of rate and policy form filing approvals completed within 30 days.

Status #2: Goal of 80% of filings completed in 30 days not met with a rate of 66.9% this year.



Percentage of approvals within 30 days

Year	YTD Total	Target
2008	67%	80%
2007	63%	80%
2006	60%	80%
2005	68%	80%
2004	59%	80%
2003	53%	80%

Analysis of results and challenges: The Division continues to work on meeting this goal. Use of automation and online processing continues improvement in this area. The filing review statute change that became effective on November 2, 2005 has helped speed up the review process. However, due to significant staff turnover, the turn-around time has increased due to training of the new analysts. As the analysts have become more experienced, the review time began to decrease. The average review time for rate and form approval in 2007 was 38 days compared to a 40 day average review period in 2006. We anticipate being able to increase the number of filings that meet the 30 day review period next year.

B1: Strategy - Conduct public outreach programs to provide educational assistance in understanding insurance products and processes.

Target #1: 6 outreach programs conducted annually

Status #1: This goal was achieved. The director spoke to six organizations, including chambers of commerce, industry, and consumer groups.

Number of programs conducted

Year	YTD Total
2007	9
2006	9
2005	6
2004	6
2003	0

Analysis of results and challenges: The Director and Deputy Director speak to numerous stakeholder groups throughout the year. This includes chambers of commerce, as well as consumer, agent, and industry groups.

Corporations, Business and Professional Licensing Results Delivery Unit**Contribution to Department's Mission**

Ensure qualified professional, commercial and financial services are available to Alaska consumers, and protect the public from incompetent, unethical and illegal practices.

FY2010 Resources Allocated to Achieve Results**FY2010 Results Delivery Unit Budget: \$10,945,300****Personnel:**

Full time	82
Part time	0
Total	82

Component: Corporations, Business and Professional Licensing

Contribution to Department's Mission

Ensure that competent, professional and regulated commercial services are available to Alaska consumers.

Core Services

- Administer 20 licensing programs through support to Boards and Commissions; administer 19 programs solely through the division (without oversight of a board or commission).
- License businesses to engage in commerce in Alaska, and grant tobacco endorsements for sale of tobacco or tobacco-related products.
- Serve as a one-stop location to investigate and resolve consumer complaints regarding state licensees, state licensed non-depository lending and money service companies and other state licensed businesses.
- Provide consumer outreach and education regarding consumer borrowing and the use of state licensed professionals.
- Register Corporations and Trademarks for entities engaged in commerce in Alaska.

End Result	Strategies to Achieve End Result
A: Competent, qualified professional and commercial services. <u>Target #1:</u> Increase the number of current licensees. <u>Status #1:</u> Target met of increasing the number of licensees that have licenses and the total number that are current. Total current licensees reflect an increase of 0.64% between FY07 and FY08.	A1: Convenience in access to licensing information. <u>Target #1:</u> Offer 100% web capabilities for licensing programs. <u>Status #1:</u> Target of 100% of licensing programs being on line not met with 15% (6 out of 39) currently having online capabilities.
End Result	Strategies to Achieve End Result
B: Public Protection from unethical and incompetent providers of services. <u>Target #1:</u> Fully investigate 100% of complaints that have a potential for licensing violations. <u>Status #1:</u> The number of cases opened increased 23.13% in FY08. This process is ongoing based on the number of consumer complaints received that have potential for licensing violations.	B1: Execute an aggressive plan to investigate and prosecute licensing violators. <u>Target #1:</u> Apply disciplinary actions to 100% of investigation cases that are warranted. <u>Status #1:</u> Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> • Distribute application forms for licensure and renewal. • Respond to questions regarding Alaska's licensing laws. • Review applications to determine if basic qualifications have been met. 	<ul style="list-style-type: none"> • Accept and process applications for Alaska Uniform Money Services Act and the Alaska Mortgage Lending Regulation Act. • Ensure applications conform with the federal S.A.F.E. Mortgage Licensing Act of 2008. • Conduct criminal background checks on mortgage

Major Activities to Advance Strategies

- Determine whether applicants are in arrears with child support or student loan payments.
- Verify licenses to inquirers.
- Provide public access to licensing information.
- Write, administer, or arrange for professional licensing examinations.
- Ensure continued competency requirements are met.
- Make available efficient and convenient licensing services at the division's service counters.
- Classify businesses according to business activities.
- Organize and staff licensing board/commission meetings and provide budget data to boards and commissions.
- Assist licensing boards/commissions with promulgating regulations.
- Provide licensing services via the web to the extent possible.
- Conduct examinations for compliance with state licensing requirements for licensed businesses and individuals.
- Investigate complaints regarding persons and businesses engaging in or offering unlicensed services to consumers.
- Assist the Attorney General's office as requested in appeals of license denials, lawsuits and appeals of disciplinary actions.
- Provide investigative support to state board and commissions and other regulatory divisions.
- originator applicants and issue licenses.
- Protect the public against fraud in the delivery of professional and licensed services.
- Protect the public against predatory lending practices by both state licensed entities and unlicensed lenders.
- Standardize investigative forms and create a tracking system for managing case load.
- Create a system coupled with "transparency" for consumers to track the investigative process.
- Train all investigators to ensure consumer complaints are investigated and resolved in a timely manner.
- Work with industry and community groups to be in compliance and understand laws and regulations.
- Sponsor public service announcements on how to file a complaint with the DCCED.
- Redesign Department's web site for consumers to lodge complaints and obtain consumer education materials.
- Conduct investigations into allegations of incompetent, unethical, or illegal delivery of services by licensees.
- Initiate Accusations; negotiate Consent Agreements, or Statement of Issues when warranted.
- Report disciplinary activity in accordance with National reporting requirements (S.A.F.E. Mortgage Licensing Act of 2008, HIPDB, NPDP, and NURSUS).
- Work with the Department of Law on consumer educational programs and enforcement efforts.
- Post consumer information on the CBPL's web site.
- Post investment and financial fraud warnings on CBPL's web site.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$10,945,300

Personnel:

Full time	82
Part time	0
Total	82

Performance

A: Result - Competent, qualified professional and commercial services.

Target #1: Increase the number of current licensees.

Status #1: Target met of increasing the number of licensees that have licenses and the total number that are current. Total current licensees reflect an increase of 0.64% between FY07 and FY08.

Number of current licensees each year.

Fiscal Year	YTD
FY 2008	119,676 +0.64%
FY 2007	118,917 +1.7%
FY 2006	116,933 +0.8%
FY 2005	116,009 +0.27%
FY 2004	115,698 -2.44%
FY 2003	118,595 +3.35%
FY 2002	114,755 +0.51%
FY 2001	114,169 +1.89%
FY 2000	112,053

Analysis of results and challenges: Alaska benefits by increasing its number of competent, qualified practitioners; however, it is not always easy to attract practitioners to the State. A variety of contributing factors can often cause the number of licensees to drop, such as changes to competency requirements, fees, etc. The agency and licensing boards encourages new practitioners and businesses through simplifying its licensing process, while maintaining a high level of ethical practice standards required of its licensees. The numbers of licensees represent current professional and business licenses in the corresponding fiscal year. When the number of licensees increase, there is a greater potential for greater availability of services to Alaskan consumers.

A1: Strategy - Convenience in access to licensing information.

Target #1: Offer 100% web capabilities for licensing programs.

Status #1: Target of 100% of licensing programs being on line not met with 15% (6 out of 39) currently having online capabilities.

Programs with Online Capabilities

Fiscal Year	YTD Total
FY 2008	6 0%
FY 2007	6 0%
FY 2006	6 0%
FY 2005	6 +50%
FY 2004	4 0%
FY 2003	4

Analysis of results and challenges: Prior to FY 2003, the following Online licensing programs were provided:

FY 2001-Business Licensing (new and renewals);

FY 2002-Architects, Engineers, and Land Surveyors; and Real Estate Renewals.

FY 2003: Nursing (RN) Renewal online.

FY 2004: No new programs added for online licensing.

FY 2005: Nursing (LPN); and Medical Renewal online.

FY 2006: No new programs added for online licensing.

FY 2007: No new programs added for online licensing.

FY 2008: No new programs added for online licensing.

B: Result - Public Protection from unethical and incompetent providers of services.

Target #1: Fully investigate 100% of complaints that have a potential for licensing violations.

Status #1: The number of cases opened increased 23.13% in FY08. This process is ongoing based on the number of consumer complaints received that have potential for licensing violations.

Cases Opened during the Fiscal Year

Fiscal Year	YTD Total
FY 2008	676 +23.13%
FY 2007	549 -30.15%
FY 2006	786 +20.55%
FY 2005	652 +17.06%
FY 2004	557 -9.28%
FY 2003	614 -1.92%
FY 2002	626

Analysis of results and challenges: The division's desire is to address all consumer complaints expediently. The number of open cases are reflective of investigative efforts and management efficiencies to prioritize complaints received. Not all complaints result in open investigation cases. Open cases are complaints that were determined to have a potential for licensing violations and warrant further investigation.

B1: Strategy - Execute an aggressive plan to investigate and prosecute licensing violators.

Target #1: Apply disciplinary actions to 100% of investigation cases that are warranted.

Status #1: Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Cases resulting in discipline sanctions

Year	YTD Total
2008	257 -34.77%
2007	394 +37.28%
2006	287

Analysis of results and challenges: Disciplinary sanctions are assessed as necessary. Other types of actions such as Consent Agreements, are taken on many other investigative cases. The determination on whether disciplinary sanctions are warranted depends on seriousness of the violations.

Discipline Sanctions often fall within the following categories:

- Audit Compliance
- Education
- Fine
- Limited License
- Peer Review
- Probation
- Reprimand

- Revocation
- Suspension

Component: Office of Consumer Affairs & Investigations**Contribution to Department's Mission**

This component has been transferred to Corporations, Business and Professional Licensing.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$0****Personnel:**

Full time 0

Part time 0

Total 0

RDU/Component: Regulatory Commission of Alaska*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

Assure viable utility and pipeline service is provided with just and reasonable rates to consumers in Alaska.

Core Services

- Thoroughly review utility and pipeline filings for compliance and approval (examples: certificate applications, rate cases, PCE rates, telecom and natural gas competition, tariffs, ETC applications, interconnection agreements).
- Clear guidance to utility and pipeline service providers.
- Ensure Alaska's interests are considered in the development of federal legislation and regulations (examples: participation in national forums, FCC proceedings, FERC proceedings).
- Dispute resolution involving regulated entities (examples: telecom disputes, consumer disputes, pipeline disputes).
- Public information and education to enhance the public's understanding and use of utility and pipeline services (examples: web site, press releases, outreach workshops).

End Result	Strategies to Achieve End Result
A: Decision making in docketed matters is timely. <u>Target #1:</u> Final decisions of the RCA are issued within statutory deadlines. <u>Status #1:</u> In FY2008, the RCA issued 88, or 100%, of its final decisions on or before the statutory deadline.	A1: Decisions in docketed matters are issued within established timelines. <u>Target #1:</u> The Commission will conduct 18 docket status meetings to discuss procedural issues. <u>Status #1:</u> The Commission held 24 docket status meetings exceeding the target of 18. <u>Target #2:</u> Commissioners will meet in 45 regularly scheduled adjudicatory meetings to discuss utility and pipeline issues. <u>Status #2:</u> In FY2008 there were 72 scheduled adjudicatory meetings, 59 meetings were regularly scheduled meetings, and 13 were additional special adjudicatory meetings. This exceeded the target of 45 regularly scheduled adjudicatory meetings. <u>Target #3:</u> Less than 10% of extensions of statutory timelines are extended by the Commission on its own motion. <u>Status #3:</u> There were 14 proceedings extended that affected 28 dockets. Statutory timelines for two of these proceedings were changed by the Commission's motion, exceeding the target of 10%.
End Result	Strategies to Achieve End Result
B: The public and utilities have access to understandable applications, guidelines, directions, and forms.	B1: Provide external user training. <u>Target #1:</u> Provide two training sessions on web filing annually.

<p><u>Target #1:</u> Review all forms and update 25% of the outdated forms.</p> <p><u>Status #1:</u> RCA met its goal to update 25% of the outdated forms.</p>	<p><u>Status #1:</u> Training was held once for the public on web filings, not meeting the target of two training sessions annually.</p> <p><u>Target #2:</u> Provide two training sessions on applications and general filing requirements annually.</p> <p><u>Status #2:</u> Target of two training sessions on applications and filing requirements was met. A public presentation/training session was held and a technical review meeting with an external user group was held.</p> <p>B2: Timely review of filings.</p> <p><u>Target #1:</u> Complete audit of 1/3 of Utility Annual Operating Reports each calendar year.</p> <p><u>Status #1:</u> RCA received 156 Utility Annual Operating Reports in FY2008. Did not meet target of 52 audits.</p> <p><u>Target #2:</u> Issue responsive letter order within 21 days of utility filing a fuel cost change.</p> <p><u>Status #2:</u> 110 utility fuel cost charge filings were submitted. 64% were approved within 21 days, not meeting target of 100%.</p> <p><u>Target #3:</u> Complete audit of PCE Utility Annual Report within 90 days of filing.</p> <p><u>Status #3:</u> Received 59 annual reports. One of 59 audits was completed within 90 days, not meeting target of 100% audited within 90 days.</p> <p><u>Target #4:</u> Complete audit of PCE Utility Annual Reports each fiscal year.</p> <p><u>Status #4:</u> A total of 59 annual reports were filed, with a total of 8 audits completed. Did not meet the target of auditing 100% of the reports received.</p> <p>B3: Assist utilities in meeting compliance requirements.</p> <p><u>Target #1:</u> 95% of utilities in compliance at the end of each fiscal quarter.</p> <p><u>Status #1:</u> Of the 70 PCE utilities required to make compliance filings with the RCA, the numbers ranged from a high of 91% to a low of 77% of utilities being in compliance during each of the quarters in FY2008. Target of 95% of utilities being in compliance not met.</p>
End Result	Strategies to Achieve End Result
<p>C: The public is informed about the cost of utility services and how to be a wise utility consumer.</p> <p><u>Target #1:</u> Present information and answer questions at no less than 6 outreach opportunities per year (e.g., consumer workshops, home-buying seminars, job fairs, annual conventions and other public events) for customers of regulated utilities.</p>	<p>C1: Communicate with consumers and utilities to resolve disputes.</p> <p><u>Target #1:</u> Issue written disposition within 45 days on complaints received by mail.</p> <p><u>Status #1:</u> Of the 59 complaints received by mail in FY2008, written dispositions were completed for 47 complaints within 45 days. Did not meet target of 100%</p>

<p>Status #1: During FY2008, the RCA presented information at five consumer protection workshops, five home-buying seminars, one Alaska Native convention, and one job fair. Exceeded target.</p>	<p>within 45 days.</p> <p>Target #2: Disposition of complaints filed by telephone, email and fax within 30 days.</p> <p>Status #2: Of the 456 complaints received by telephone, fax, or email during FY2008, disposition was completed for 421 complaints within 30 days. Did not meet target of 100% within 30 days.</p> <p>C2: Educate utility ratepayers about utility rates and services and available consumer assistance programs</p> <p>Target #1: Develop and/or modify at least five consumer fact sheets regarding utility rates and services.</p> <p>Status #1: During FY2008, the RCA developed or modified 10 consumer fact sheets-exceeded target.</p>
End Result	Strategies to Achieve End Result
<p>D: Decisions are based on thoroughly reviewed evidentiary record and are upheld on appeal.</p> <p>Target #1: The Assistant Attorney General reviews 100% of final orders before being issued.</p> <p>Status #1: A total of 88 final orders were issued by the Commission in FY2008. Of this total, 74 final orders were reviewed by the Assistant Attorney General before being issued, not meeting target of 100%.</p>	<p>D1: Professional/technical review of filings as necessary to provide expertise regarding issues.</p> <p>Target #1: 100% of professional/technical advisory staff positions are filled allowing timely staff reviews of filings and presentations of issues to commissioners.</p> <p>Status #1: At end of FY2008 the target of 100% of professional/technical advisory staff positions being filled was not met. Percentages ranged quarterly from 67% to 78% with an annual average of 72%.</p>

Major Activities to Advance Strategies

- | | |
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| <ul style="list-style-type: none"> • Decide cases on a timely basis. • Clearly establish the rationale and basis for commission decision-making in Commission Orders. • Continually improve the regulatory environment by enacting regulations which respond to the developing utility markets and ratepayer needs. • Respond promptly to consumer needs and problems. | <ul style="list-style-type: none"> • Provide a user-friendly fully integrated website for ratepayers and regulated utilities. • Promote open process through frequent public meetings. • Improve staff technical ability through training and industry specific interaction. • Engage in open communication with regulated industries, political and public consumer groups. |
|--|--|

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$8,074,300

Personnel:

Full time	57
Part time	0
Total	57

Performance

A: Result - Decision making in docketed matters is timely.

Target #1: Final decisions of the RCA are issued within statutory deadlines.

Status #1: In FY2008, the RCA issued 88, or 100%, of its final decisions on or before the statutory deadline.

Percentage of final decisions issued on or before statutory deadline.

Fiscal Year	YTD Total
FY 2008	100%

Analysis of results and challenges: If the RCA fails to issue a final order prior to the statutory deadline, the utility or common carrier filing automatically goes into effect under the force of state law. The RCA carefully monitors the status of all dockets, and staff prioritizes its activities to ensure that all statutory deadlines are met.

A1: Strategy - Decisions in docketed matters are issued within established timelines.

Target #1: The Commission will conduct 18 docket status meetings to discuss procedural issues.

Status #1: The Commission held 24 docket status meetings exceeding the target of 18.

Total number of Docket Status meetings held

Fiscal Year	YTD Total
FY 2008	24

Analysis of results and challenges: The target established for FY2008 was 24 docket status meetings. The target was met. However, upon evaluation and considering the number of employees required to attend, it appears that 18 docket status meetings would be a more appropriate target for FY2009 and thereafter.

Target #2: Commissioners will meet in 45 regularly scheduled adjudicatory meetings to discuss utility and pipeline issues.

Status #2: In FY2008 there were 72 scheduled adjudicatory meetings, 59 meetings were regularly scheduled meetings, and 13 were additional special adjudicatory meetings. This exceeded the target of 45 regularly scheduled adjudicatory meetings.

Total number of regularly scheduled adjudicatory meetings

Year	YTD Total
2008	59

Analysis of results and challenges: The number of adjudicatory meetings is dependent upon the number of issues to be decided. Although the commission met its goal in FY2008, commissioners were required to attend a total of 72 scheduled sessions to decide the many issues presented.

Target #3: Less than 10% of extensions of statutory timelines are extended by the Commission on its own motion.

Status #3: There were 14 proceedings extended that affected 28 dockets. Statutory timelines for two of these proceedings were changed by the Commission's motion, exceeding the target of 10%.

Percentage of proceedings extended by Commission's motion

Fiscal Year	YTD Total
FY 2008	14%

Analysis of results and challenges: A statutory timeline was incorrectly applied to Docket R-05-11, a regulations docket. When the commission addressed the error, it established a timeline that accommodated public participation

in workshops. The second timeline extended by the commission was also in a regulations matter, Docket R-06-3. The timeline was extended to allow public review of revised proposed regulations.

B: Result - The public and utilities have access to understandable applications, guidelines, directions, and forms.

Target #1: Review all forms and update 25% of the outdated forms.

Status #1: RCA met its goal to update 25% of the outdated forms.

Percentage of forms updated.

Fiscal Year	YTD Total
FY 2008	48.33%

Analysis of results and challenges: RCA shows a high volume of forms that have been updated for FY2008 due to the new case management system 'Go Live' which went live October 22, 2007. Many of the forms were updated and loaded into the system at that time.

B1: Strategy - Provide external user training.

Target #1: Provide two training sessions on web filing annually.

Status #1: Training was held once for the public on web filings, not meeting the target of two training sessions annually.

Fiscal Year	YTD Total
FY 2008	1

Analysis of results and challenges: The case management system had a "Go Live" date of October 22, 2007. After that date, one training session was held for the public for Beta Testing Kick-off on March 26, 2008.

Target #2: Provide two training sessions on applications and general filing requirements annually.

Status #2: Target of two training sessions on applications and filing requirements was met. A public presentation/training session was held and a technical review meeting with an external user group was held.

Fiscal Year	YTD Total
FY 2008	2

Analysis of results and challenges: The new case management system "Go Live", which went live October 22, 2007. The Advisory Section Manager held a presentation at the Public Meeting on October 15, 2007 for acceptance of Release 4 elements. On August 27, 2008, the Advisory Section Manager presented E-filing Draft Regulations reviewed and revised them with the external user group.

B2: Strategy - Timely review of filings.

Target #1: Complete audit of 1/3 of Utility Annual Operating Reports each calendar year.

Status #1: RCA received 156 Utility Annual Operating Reports in FY2008. Did not meet target of 52 audits.

Percentage of Utility Annual Operating Reports completed.

Fiscal Year	YTD Total
FY 2008	0

Analysis of results and challenges: Due to the inability to maintain full staffing at the Utility Financial Analyst III

level, the RCA did not perform audits of Utility Annual Operating Reports in FY2008. If the RCA had been able to fill the second Utility Financial Analyst III position early in FY 2008, staff would have been able to perform Utility Annual Operating Report audits.

Target #2: Issue responsive letter order within 21 days of utility filing a fuel cost change.

Status #2: 110 utility fuel cost charge filings were submitted. 64% were approved within 21 days, not meeting target of 100%.

Fuel cost charge letter orders within 21 days

Fiscal Year	YTD Total
FY 2008	64%

Analysis of results and challenges: Due to the inability to fill existing positions, the RCA is slower than desired in issuing PCE letter orders. If RCA had been able to fill an additional Utility Financial Analyst I position, the responsive PCE letter orders could have been issued in a timely manner.

Target #3: Complete audit of PCE Utility Annual Report within 90 days of filing.

Status #3: Received 59 annual reports. One of 59 audits was completed within 90 days, not meeting target of 100% audited within 90 days.

Annual report audits completed in 90 days .

Fiscal Year	YTD Total
FY 2008	.2%

Analysis of results and challenges: Due to the inability to fill existing positions, the RCA is slower than desired in issuing PCE letter orders. If RCA had been able to fill an additional Utility Financial Analyst I position, staff could have eliminated this backlog and audit current PCE annual report filings.

Target #4: Complete audit of PCE Utility Annual Reports each fiscal year.

Status #4: A total of 59 annual reports were filed, with a total of 8 audits completed. Did not meet the target of auditing 100% of the reports received.

Annual report audits completed.

Fiscal Year	YTD Total
FY 2008	1%

Analysis of results and challenges: Due to the inability to fill existing positions, the RCA is approximately 3 years behind in auditing PCE annual reports. If RCA had been able to fill an additional Utility Financial Analyst I position, staff could eliminate this backlog and audit current PCE annual report filings.

B3: Strategy - Assist utilities in meeting compliance requirements.

Target #1: 95% of utilities in compliance at the end of each fiscal quarter.

Status #1: Of the 70 PCE utilities required to make compliance filings with the RCA, the numbers ranged from a high of 91% to a low of 77% of utilities being in compliance during each of the quarters in FY2008. Target of 95% of utilities being in compliance not met.

Percentage of PCE Utilities in compliance.

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FY 2008	90%	80%	91%	77%

Analysis of results and challenges: The PCE program is designed to get PCE credits to customers. This measure indicates that some utilities are not filing reports timely and may not be receiving reimbursements for PCE credits provided to customers.

C: Result - The public is informed about the cost of utility services and how to be a wise utility consumer.

Target #1: Present information and answer questions at no less than 6 outreach opportunities per year (e.g., consumer workshops, home-buying seminars, job fairs, annual conventions and other public events) for customers of regulated utilities.

Status #1: During FY2008, the RCA presented information at five consumer protection workshops, five home-buying seminars, one Alaska Native convention, and one job fair. Exceeded target.

Number of Outreach opportunities participated in.

Fiscal Year	YTD Total
FY 2008	12

Analysis of results and challenges: In FY2008 the RCA accepted AARP's invitation to present consumer utility information at AARP's consumer protection and financial education workshops. Therefore the RCA had more opportunities than planned.

C1: Strategy - Communicate with consumers and utilities to resolve disputes.

Target #1: Issue written disposition within 45 days on complaints received by mail.

Status #1: Of the 59 complaints received by mail in FY2008, written dispositions were completed for 47 complaints within 45 days. Did not meet target of 100% within 45 days.

Percent of complaints reveived by mail disposed within 45 days

Fiscal Year	YTD Total
FY 2008	80%

Analysis of results and challenges: More time was required for a couple of reasons. Some informal complaints presented unique issues that required more than one interaction with the utilities to resolve. Other complaints required commission action through a formal docket.

Target #2: Disposition of complaints filed by telephone, email and fax within 30 days.

Status #2: Of the 456 complaints received by telephone, fax, or email during FY2008, disposition was completed for 421 complaints within 30 days. Did not meet target of 100% within 30 days.

Percent of complaints received by telephone, email, and fax, disposed within 30 days

Fiscal Year	YTD Total
FY 2008	92%

Analysis of results and challenges: Some of these informal complaints presented unique issues requiring more than one interaction with utilities to resolve.

C2: Strategy - Educate utility ratepayers about utility rates and services and available consumer assistance programs

Target #1: Develop and/or modify at least five consumer fact sheets regarding utility rates and services.

Status #1: During FY2008, the RCA developed or modified 10 consumer fact sheets-exceeded target.

Number of Consumer Fact sheets developed or modified

Fiscal Year	YTD Total
FY 2008	10

Analysis of results and challenges: Due to consumer concerns regarding increasing energy costs, the RCA was proactive in preparing new fact sheets.

D: Result - Decisions are based on thoroughly reviewed evidentiary record and are upheld on appeal.

Target #1: The Assistant Attorney General reviews 100% of final orders before being issued.

Status #1: A total of 88 final orders were issued by the Commission in FY2008. Of this total, 74 final orders were reviewed by the Assistant Attorney General before being issued, not meeting target of 100%.

Percentage of final orders reviewed by AAG

Fiscal Year	YTD Total
FY 2008	84%

Analysis of results and challenges: A review of final orders that were reviewed by the Assistant AG reveals that the majority of orders not reviewed were issued in 2007, a period of transition in the Process Coordinator and Commission Section Manager positions. Only five final orders were issued without review in the second half of FY2008.

D1: Strategy - Professional/technical review of filings as necessary to provide expertise regarding issues.

Target #1: 100% of professional/technical advisory staff positions are filled allowing timely staff reviews of filings and presentations of issues to commissioners.

Status #1: At end of FY2008 the target of 100% of professional/technical advisory staff positions being filled was not met. Percentages ranged quarterly from 67% to 78% with an annual average of 72%.

Professional/technical Advisory Staff Positions Filled

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2008	72%	67%	72%	78%	72%

*Methodology: Total number of filled professional/technical advisory staff divided by total number of professional/technical advisory staff.
Total professional/technical advisory staff positions = 18*

Analysis of results and challenges: After this measure fell to 67% the RCA started an intense recruiting effort that is continuing into FY2009.

RDU/Component: DCED State Facilities Rent*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

The mission of the State Facilities Rent Component is to fund necessary maintenance and help prevent future deferred maintenance problems in the buildings in the state facilities rent pool.

FY2010 Resources Allocated to Achieve Results**FY2010 Component Budget: \$1,345,200****Personnel:**

Full time 0

Part time 0

Total 0

RDU/Component: Serve Alaska*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

To foster, support and promote the ethic of service and volunteerism for all Alaskans.

Core Services

- Collaborate in National Service activities and training with other Corporation National Community Service partners.
- Establish connections with volunteer organizations and communicate with partners.
- Service and volunteerism activities which focus on developing youth and meeting Alaska's social needs.

End Result	Strategies to Achieve End Result
A: Increased national service and volunteerism throughout the State. <u>Target #1:</u> 10% annual increase in the number of individuals participating in National Service Programs. <u>Status #1:</u> Exceeded target of 10% growth in volunteers with a growth rate of 83%.	A1: Recruit and enroll individuals with disabilities. <u>Target #1:</u> National Service programs include individuals with disabilities. <u>Status #1:</u> The target of recruiting persons with disabilities for National Service programs was achieved. Eight of the 234 individuals recruited during fiscal year 2008 had disabilities.

Major Activities to Advance Strategies
<ul style="list-style-type: none"> • Promote national service volunteerism in Alaska through active outreach activities. • Ensure that national service and volunteer programs include individuals with disabilities. • Provide training and technical assistance to community organizations involved in National Service and volunteerism activities.

FY2010 Resources Allocated to Achieve Results		
FY2010 Component Budget: \$3,289,700	Personnel:	
	Full time	3
	Part time	0
	<u>Total</u>	<u>3</u>

Performance**A: Result - Increased national service and volunteerism throughout the State.**

Target #1: 10% annual increase in the number of individuals participating in National Service Programs.

Status #1: Exceeded target of 10% growth in volunteers with a growth rate of 83%.

Number National Service Volunteers

Year	YTD Total
2008	234 +82.81%
2007	128

Analysis of results and challenges: The large increase in the number of volunteers was primarily due to the utilization of less than full-time equivalents (FTEs) by two new sub-grantees. Although this increased the number of volunteering participants by 83%, a comparison of the increase in the total number of FTEs is about 11% over 2007. The full-time equivalents in 2007 were 128 FTEs for 175 members and in 2008 it was 142 FTEs for 234 members.

A1: Strategy - Recruit and enroll individuals with disabilities.

Target #1: National Service programs include individuals with disabilities.

Status #1: The target of recruiting persons with disabilities for National Service programs was achieved. Eight of the 234 individuals recruited during fiscal year 2008 had disabilities.

Volunteers with Disabilities

Fiscal Year	# Recruited	# With Disabilities	Percentage
FY 2008	234 +82.81%	8 +100%	3.8%
FY 2007	128	4	3.1%

Analysis of results and challenges: The increase in the number of volunteers with disabilities can be attributed to Serve Alaska's strong recruitment efforts. The Commission hosted a series of meetings with the disabled community and national service programs to increase the knowledge and understanding of how each will benefit from volunteering. In addition, Serve Alaska has developed a strategic plan for engaging individuals with disabilities.

RDU/Component: Alaska State Community Services Commission*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)***Contribution to Department's Mission**

See new component Serve Alaska.

Core Services

- See new component Serve Alaska.

Major Activities to Advance Strategies

- See new component Serve Alaska.

FY2010 Resources Allocated to Achieve Results

FY2010 Component Budget: \$0

Personnel:

Full time	0
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Part time	0
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Total	0
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